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ECONOMIC AFFAIRS

No. 92



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ECONOMIC JOURNAL DISCUSSES QUALITIES OF LEADING CADRES

HK071438 Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 8, 15 Aug 80 pp 23-27

[Article by Wang Dingfeng [3769 0002 7364]: "Discussion on the Qualities and Leadership Skills of Leading Cadres"; passages within slantlines published in boldface]

[Text] Economic development in traditional agricultural society is mainly determined by the amount of manpower. In its present state of development, industry must in addition pay attention to the quality of manpower. Technological development and gradual progress in management have both challenged man's abilities. The key to economic development lies in man. Man can create technological supremacy and can give impetus to economic superiority and bring into play the superior capability of human beings. Outstanding leading cadres in enterprises are the key elements in running enterprises properly and the policy-makers who develop and bring about these superior conditions. In the discussion on the reform of economic systems, the study and investigation of the quality of leading cadres in enterprises has become an important topic which cannot be neglected.

Our party has all along paid attention to the selection and training of leading cadres. The criteria governing the party's cadre policy are the possession of both ability and political integrity and appointment based on merit. We should systematically sum up and refine the glorious tradition of cadres' work and rich experience in leadership methods in our party and proceed from the actual conditions in our country to learn from, summarize and investigate the effective theories of other countries. All these points have a direct motivating role in training leading cadres for enterprises in the new era.

/(1) Qualities of Leading Cadres in Enterprises/

What are the essential qualities of leading cadres in enterprises?

/I. Political quality/ which is the criterion for political integrity:

1. Loyalty to the party. We must be able to uphold the four basic principles and consciously do things according to the party's line, and general and specific policies.
2. Dedication to the four modernizations. We must have ideals, dedication to our work, a sense of responsibility, enterprising spirit and willingness to shoulder heavy burdens for the party. We must have initiative and vigor and must be able to work independently and strive for achievements at our work posts.
3. We must be able to unite all our comrades. We should rely on the masses and employ capable people and should be loved by the people.
4. We should have a fine moral character. We should be openhearted and aboveboard, honest and upright, law-abiding and selfless.
5. We should be as good as our word, earnestly practice what we preach and set an example.

/II. Knowledgeable Background/

In order to properly direct the overall tasks of the enterprises, the main leading cadres of the enterprises should not rely solely on their past experiences. It is more important to rely on scientific knowledge. Therefore, we must have an insatiable thirst for knowledge and strive to raise our policy-making level and ability in work: 1) We must study politics and law so as to master the management principles; 2) we must study economics and economic management and know how to act according to economic laws; 3) we must study engineering technology and master the basic procedure and laws in production and transform ourselves from laymen into experts; and 4) we must acquire a general knowledge of psychology and sociology so as to stimulate the employees' fighting spirit and harmonize human relationships. In addition, we must master the knowledge of imported technology and international trade according to the requirements of enterprise development. Looking ahead to modern management methods of the future, it will be necessary to familiarize ourselves with mathematics and electronic calculators with application to management usage.

/III. Ability To Formulate Policies/

Policies include economic policies, management policies and policies of work and should not be narrowly understood as determining the market demand. Policy is the manifestation of a comprehensive force. Leading cadres must be good at conceiving and proposing ideas and methods, making suggestions and decisions and urging the various subordinate departments to go through with them. Policymaking abilities are manifested in the following aspects:

1. The ability to analyze problems and grasp their essence by seeing through outward appearances, grasp the main contradictions and distinguish between the main trend and side issues, recognize the order of importance and emergency, weigh up the pros and cons and make pertinent suggestions.
2. Logical judgment ability; the ability to judge cause and effect and far-sightedness and foresight when looking at problems.
3. Creative ability. We must be sensitive to new developments, imaginative, broad-minded and good at formulating new suggestions, determining new goals under new situations and encouraging comrades to accomplish their tasks.
4. Intuitive judgment; the ability to make prompt and opportune decisions. When there is no time for discussion, we must be able to decide promptly and intuitively and thus be able to meet an emergency.
5. Decisiveness. After recognizing the target, we must be bold in our thinking and actions. We should not fear taking risks or encountering setbacks but must be brave in shouldering responsibility.

Trained in revolutionary work for a long time, many of our old cadres are very able at making decisions. The key lies in understanding the work. Only when they have mastered their professional tasks and understood the conditions can they be really determined.

/IV. Ability To Organize and Direct/

1. We must be well versed in personnel management and maintain the best balance of talent and force required by the work target.
2. We must make good use of organizational power to comprehensively harmonize manpower, material and financial resources.
3. We must coordinate the state, enterprise and individuals' work targets, link them up with material interests and correctly implement the principle of distribution according to work.
4. We must be able to unify planning with due consideration for all concerned and link up urgent work with long-term demands. We must be guided by principle but we must also make specific arrangements and carry out examination so that orders and prohibitions are strictly enforced.
5. We must be good at grasping models and setting good examples. Examples have unlimited strength. We should use models to carry out work in the key points and in all areas.

/V. Link Up With the Masses/

We must be good at getting along with people and soliciting opinions from all sides. We must be sensitive socially and quick in grasping materials and information. We should adopt a good attitude in our contact with people and should be experts in exchanging opinions and linking up conditions.

In dealing with people, we must first know ourselves. Self-knowledge is wisdom. It is important to know our strong points and limitations and know what other people think of us and keep in mind how our words and deeds will impress them. Self-discipline comes with self-knowledge. We must have self-knowledge before we can check and restrain ourselves. The second important point is substitution. Substitution is a word in psychology which means putting oneself in another's position and consideration for other people's feelings and reaction. We should consider problems from other people's position and should not impose our view-points on other people. The third point is objectivity. In dealing with people and things, we must avoid prejudices. We should not allow only one person to have the say. When looking at problems, we must pay attention to the masses' opinions and seek truth from facts. We must be fair and objective.

/VI. Calmness and Experience/

Calmness and experience are essential personality traits of leading cadres. This is called emotional stability in foreign countries. It is characterized by broadmindedness and outspokenness. We must be able to relate easily to people holding different views, including those who have opposed us and those whom we find detestable. We must remain calm and objective when dealing with them. We must be tolerant and generous and should not harbor personal grudges or become entangled in old historical accounts. We must guard against arrogance. When things go smoothly, we should not be complacent and overoptimistic, or carried away by success. On encountering setbacks, we should not complain or become despondent. We should not blame other people for our own failures or lose our ability to reason. Leaders should have their own views, but they should be flexible and adaptable to changing circumstances. We should not be stubborn or get stuck in blind alleys. On knowing that we cannot attain the scheduled goals, we should happily shift the key points in work. We should not behave in an affected manner or falsely represent the results. We should not engage ourselves in empty talk, exaggeration and lies.

The above points are a general summary of leadership qualities and represent a rough outline. The Eastern Airline Company in the United States has issued a study report on a portrait of management personnel with high productivity listing as many as 57 characteristics. It is worth studying the qualities which should be possessed by our socialist cadres.

/ (II) Guidelines for the Conduct of Leaders/

The conduct of leaders is manifested in the course of their command. Therefore the form of leadership and leadership techniques can be seen to be extremely important. Normal leadership methods and techniques are listed here for adoption:

/I. Making the Best Use of People/

Leadership work is nothing more than the two important matters of suggesting ideas and selecting cadres. Men are different just as their facial features are different. People are different in their abilities, personalities, attitude and behavior. The key in employment lies in giving each person the position he prefers and wants. Only in this way can we make best use of people's abilities and will the capable people emerge. First, there must be conformity between work and ability. It is necessary to utilize people's strong points, eliminate their shortcomings and develop their fine qualities. Work must fit in with people's special training and strong points or at least with their basic knowledge before we can make use of their abilities. Consideration must be given as far as possible to one's interests and preferences in the division of labor and staff deployment. Second, work must fit in with the person's character. It is advisable to employ highly sociable people in the sales and purchase departments. People with strong powers of expression are suitable for employment in the propaganda and education departments. Creative people are suitable for research and development departments. People with strong, independent views are not easily enticed and are suitable for employment in the inspection and supervision departments. Emotionally stable people are suitable for the long term, large-scale and difficult departments where their ability to control their emotions is desirable. Third, in selecting staff, it is necessary to make use of the principle of juxtaposing knowledge and personalities. In assignment to the teams, mechanical and electrical knowledge should supplement one another, design and technological knowledge should supplement one another, boldness in thought and action should be supplemented by careful consideration. Impatient people should be supplemented by patient people. It is necessary to eliminate our shortcomings by acquiring other people's strong points and improve ourselves. Fourth, there must be a rotation of staff. Staff rotation is an important measure to keep the enterprise young. A person's abilities are completely revealed within 3 to 5 years. It is necessary to transfer them and change their posts at suitable moments. This can increase the knowledge of the existing cadres as well as select young talent. Generally speaking every "newly inaugurated official" wants to show what he can do. Therefore, it is necessary to pay attention to staff replacement and arrange consultative posts or other honorary posts for old cadres who are both physically and mentally exhausted. Fifth, we must not be suspicious or jealous in the employment of staff. Leaders should absorb and retain talented people and should be happy when they are

surpassed by their subordinates. They should not consider the employment of first-class personnel as a threat to themselves but should advocate recommendations for one another and self-recommendation and ceding their positions to more capable people. One must have the courage to recommend oneself and be discerning enough to recognize ability in others and recommend them, too. Credit should be given to those who recommend capable people and those who are jealous of talented people should be penalized. Sixth, it is necessary to protect capable people. Under the present situation of equalitarianism and determining rank according to seniority and criticism so as to achieve perfection, leaders should be bold in encouraging the emergence of young talent so as to avoid censure.

/II. Division of Labor and Delegation of Authority/

We have often said that it is an important leadership method to centralize authority for major issues and delegate authority to others regarding minor issues. Otherwise, the chief leaders are busy with specific tasks and cannot bring into play the abilities of their subordinates or set aside time for themselves to grasp major issues. There must be a clear division of duties. In the delegation of authority, responsibility and authority must complement one another. Good orders must possess the three essential elements of completeness, clarity and practicability. In the assignment of duties, some techniques can be studied. For example: 1) Duties which can be accomplished by one person should not be assigned to two people. In the allocation of collective tasks, the person responsible must be specified. We must insist on assigning a person to be in charge and grasp the task. Collective responsibility in fact means that no one is responsible. We must make sure that we specify someone to be responsible. 2) In the assignment of tasks, individuals must not be isolated from the masses. We must satisfy the desire for social contact in work. It would be intolerable to leave the masses and live alone for a long time. 3) The task must be more difficult than the normally manifested ability of the person taking up the work so that the subordinates feel some pressure. If a person has to jump up to pick a peach, he will have a sense of achievement after the completion of the task. 4) The content of the work must be varied and should not be monotonous and dull. Only jobs offering variety can motivate employees to take an interest in their work. This helps them to increase their knowledge, learn technology and satisfy their desire for self-development. 5) There must be alternation between enjoyment and hardship in technological work and routine work. In the factory, there is petty and boring work which must be done and no one can easily gain a sense of satisfaction from such work. We must insist on alternation in the assignment of duties. Then everybody knows that there is hardship amid enjoyment and can expect an appropriate alternation. In addition, the rational use of official titles for administrative duties and direct command and briefing by the principal leaders in the enterprise all help to instill in the subordinates a greater respect for their work.

/III. Inviting the Masses to Participate in Management/

It is the right of the masses of workers to participate in decision making in socialist enterprises. Participation in decision making can satisfy the needs of self-expression. Generally speaking, a person has a sense of responsibility and carries out self-examination for work in which he chooses to participate himself. Therefore, with more participation in management, the employees have a greater sense of being their own masters. The prerequisite for inviting workers to participate in management is the belief that the masses are real heroes and truly dependable. It is necessary to seriously settle the series of questions of ideological understanding as to whether the upper levels should allow the participation of the lower levels and whether the lower levels are willing to participate. The chief leading cadres of enterprises must furnish the participants with true facts and clarify the topics under discussion. When the masses make suggestions, we should not give any criticism. We should not be suspicious when they put forth sharp and difficult questions or mock any absurd questions that are raised. The more questions that are asked, the better, and the good ones should be selected from the many proposals. In participation, we must truly canvass various opinions and benefit from them. Meetings should not be monopolized by those with authority but full respect must be paid to the personality and sense of self-respect of all the participants. In the West, they call this (As Si Peng's [1139 2448 2590]) technique for sparking off the brain, the Japanese call it a meeting for stimulating thought and in our tradition, it is called a meeting of Zhu Geliang.

/IV. Support for Subordinates/

When the subordinates encounter difficulties in their work, active support from their leaders can increase the sense of security and confidence of the subordinates. Mutual support between the upper and lower levels will benefit both sides. Support for the correct actions of subordinates consolidates us and obstruction of the correct actions of subordinates pulls us down. The amount of support rendered by principal leading cadres to leading cadres of the basic level units plays an important role in developing their influence up on their subordinates. In view of the number of times when the upper levels solicit opinions from subordinates, consideration and adoption of their suggestions directly affect work in the basic level units. Therefore, a fine leader must first attach importance to the views of cadres of the basic level units and treat the cadres in the basic level units as "advisers." Second, we must respect the command system at the basic level unit. The intention of leaders must be communicated through cadres at basic level units and basic level unit cadres should be allowed to act as their own "spokesmen." Third, we must, without special reasons, support decisions of the basic level units and act as "supporters" of decisions made by lower levels. Fourth, it is necessary to protect basic level unit cadres. When there are mistakes, the upper levels must shoulder

leadership responsibilities and act as the "buffer" for subordinates so that the initiative of the subordinates will not be suppressed. The principal leaders must support leading cadres at the lower level units, but they can bypass the command system at the basic level unit to solicit different opinions from the masses of people. There can be any kind of support for the basic levels but there should not be any obstruction in the communication system between ourselves and the masses. These conditions are important if the leaders are to keep a cool head.

/V. The Use of Authority/

Leaders rely on their authority to carry out resolutions. However, the effects of authority are not necessarily maximized by actually exercising it but by taking preemptive measures. Therefore guidance and warning beforehand play a greater role in the prevention of improper behavior.

In the exercise of authority, leaders must pay more attention to getting work done by using their influence. They must set an example with their own conduct and rely on concerted efforts within the leading bodies. Influence will produce better effects than the use of authority. The use of one's influence to get work done will not give subordinates the feeling of being pushed around. On the contrary, they will feel that they are determining their own actions. This will give rise to self-determination and they will willingly act according to instructions.

In the exercise of authority, leading cadres must pay attention to the three items below:

1. The leaders have actual authority but it is better to keep the authority without using it than to show off our authority. We should on no account abuse our authority.
2. We must let everybody know beforehand when we exercise our authority. When dealing with the violation of rules by the lower levels, leaders should disregard the proximity of their relationships or their personal feelings, treat everybody on an equal footing and firmly rectify the mistakes.
3. The starting point and ultimate aim in the use of authority lie in establishing a "desired model of behavior" setting out the rules of work, so as to let the subordinates know what is right and what is wrong.

/VI. Friendship and Trust/

Friendship and trust are the foundation for nurturing a continued cooperative spirit between the leadership and the led. Friendship in capitalist enterprises is a means of enticing the working class. Since there is no basic conflict of interests in socialist enterprises, they

are full of comradely ties of mutual assistance, cooperation and class love and this has provided a firm foundation for developing friendship and love.

Everybody has a certain desire for self-manifestation. Every member of an organization hopes that the leaders will recognize his merits and understand him, recognize his values, think highly of him and consider him an indispensable member. Meanwhile, men also have the desire for social contact and they regard meeting their leaders as an important part of satisfying their desire for social contact. Therefore, the leaders must, through showing concern for their lives, respect for their work and paying family visits, build up their friendship with the employees. Friendship is maintained by respecting one another's personality. There are high and low posts but personality cannot be classified as high or low. Therefore, leaders must abandon their air of self-importance. They must be easy to approach and must come into contact with the masses as ordinary workers. Friendship will develop into trust.

There must be a communication of ideas between the leaders and masses of the basic level units. They must constantly exchange information about their conditions so that there is communication between the upper and lower levels and mutual understanding. Unnecessary misunderstanding can then be eliminated.

/VII. Citation and Criticism/

The masses are extremely sensitive to the actions of the leaders. They fear that the leaders will look down on them, therefore they must be shown respect. They fear that the leaders will not notice their hard work, so leaders must constantly carry out inspections and show concern for them. They fear that the leaders will not see their achievements, so leaders should then ascertain their achievements. It is easier to stimulate the working enthusiasm of subordinates by paying attention to the correct behavior than attaching importance to incorrect behavior. Citation arouses enthusiasm for work better than criticism. We must therefore pay attention to positive guidance. Citation and friendship must both come from the heart and must be sincere.

Criticism must start from concern and the desire for unity. There must be a proper limit in criticism so as to avoid aversion.

/VIII. Reward and Sanction/

Reward is an important form for stimulating initiative. Material reward is an important means for implementing distribution to each according to his work. Pure material reward has also a spiritual role. Wages and bonus can be taken as the symbol for position, the basis for self-respect and the guarantee for security. The principle of material

interest cannot be neglected. Position and prestige belong to the realm of spiritual encouragement, but these are not merely spiritual and include a certain factor of material remuneration. People have a corresponding desire for material and spiritual satisfaction and leaders should master the several points mentioned below:

1. Material reward and spiritual encouragement must be complementary to one another and properly coordinated. A slight difference between the two can be tolerated but too great a difference will lead to complaints.
2. Rewards and allocations must be given out gradually. It is better to give out rewards gradually than to give rewards at a very high level all at once. In this way, there is improvement year by year and there can be expectations.
3. There must be new creations constantly in the methods of rewards. Originality and changes can make people more sensitive and give a greater incentive. If the methods of rewards are old and repeated, the effect will diminish after several repetitions. When rewards are given out too often, the role of stimulation will be minimized. The easy attainment of rewards without arduous work will not give a sense of achievement but, on the contrary, will cause a sense of emptiness.
4. Once the reward becomes routine, there will be complaints whenever no rewards are given.

Warning must be given before punishment and sanctions. There must be consistency in severity and leniency. Sanctions are best carried out when facts have been clarified, the leaders' feelings have calmed down, the mistakes have not extended and the masses have a fresh memory. It is not advisable to handle things in the "heat of the moment."

/IX. Supervision and Guidance/

Supervision of the work of subordinates must be consistent all the time. Only in this way can the lower levels know what the upper levels expect of them. We should not change rules frequently or make conflicting rules which leave the lower levels at a loss what to do.

Supervision of the lower levels must be appropriate. The leaders are not doing their duty if they do not carry out supervision or give guidance, but too much supervision will provide opposite results. The subordinates may find the leaders nagging and feel that the leaders do not have enough confidence in their ability to work independently. The correct method is to exercise strict supervision in work training. After certain working experience has been acquired, subordinates should be given a free hand in their work. They will improve their abilities in the course of the work and get a sense of satisfaction after the completion of the tasks.

/X. Settling of Grievances/

In the course of work, the lower levels may encounter various difficulties and have grievances. Those who are discontented will complain and they should have an outlet for voicing their grievances. Otherwise, discontent and ill will will be bred after a long time and this will directly affect work. The principal leading cadres must actively understand and settle the grievances of the masses, grasp major issues which concern the masses deeply and seriously settle problems of broad concern so as to arouse the people. "Officials who do not take the responsibility to make decisions for the people should go home and sell sweet potatoes." Principal leaders should not fear taking risks but do things properly for the masses in accordance with the party's policies.

The leadership methods techniques discussed above are not any wonder drugs and we should not expect a universal "model" to settle specific problems. The most important ideological method is to start from reality in everything and this is also the guiding principle for leadership work. The methods introduced here are only for the reference of comrades in their leadership work in enterprises.

CSO: 4006

NATIONAL POLICY AND ISSUES

ECONOMIC JOURNAL ON AIM OF SOCIALIST PRODUCTION

HKD61418 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 8,
20 Aug 80 pp 25-28, 35

[Article by Zhang Chaoshun [1728 2600 1415] of the economics department of Renmin University: "A Discussion on the Intention of the Aim of Socialist Production"]

[Text] The aim of socialist production is the main content of the basic economic law of socialism. Most of our country's economists agree to Comrade Stalin's statement on this question, namely, "to insure the maximum satisfaction of the entire society's constantly growing material and cultural needs." They believe that the basic principle of this exposition correctly reflects the essence of socialist production. However, there are different interpretations of the intention of this statement. Generally there are three viewpoints. The first viewpoint argues that the aim of socialist production embraces four categories of needs, namely, 1) the workers' individual consumption needs; 2) the needs of public consumption such as the development of cultural and educational undertakings, public health, social insurance, collective welfare and so on; 3) the needs of state administration and strengthening the national defense; and 4) the needs of expanded reproduction and extending aid to foreign countries. The second viewpoint is that the aim of socialist production embraces only the first three categories of needs mentioned above and does not involve the needs of expanded reproduction or aiding other countries. The third viewpoint is that the aim of socialist production embraces only the first two categories of needs and that the aim can be summarized as insuring the satisfaction of the people's continually growing material and cultural needs. Current discussions reveal that most comrades agree to the third viewpoint. Few agree to the second and even fewer to the first.

Which of the three viewpoints is correct? I think this is an important theoretical problem which must be clarified. If this problem is not clarified, we cannot relatively, deeply and comprehensively understand the basic economic law of socialism and therefore cannot relatively and satisfactorily work according to this law, which plays a leading role in the national economy.

I basically agree to the first of the three viewpoints. I say basically agree because I believe that the need to aid other countries cannot be included in the aim of socialist production. When a socialist country extends aid to other countries, it is a policy based on proletarian internationalism. It is incorrect to include such a policy in the aim of socialist production.

During discussions, our comrades criticized the first viewpoint in various ways. For example, many comrades have argued that the need of expanded reproduction, or accumulation, is a means to an end. To include this need in the aim of socialist production is tantamount to saying that the aim of developing production is to develop production, and this will consequently help provide a theoretical basis for the wrong practice of "carrying out production for production's sake." Some comrades argue that state administration and strengthening the national defense are a guarantee of (some say are a means of) achieving the aim of socialist production. These are not an aim in themselves. If one includes such a guarantee or means in the aim of socialist production, one will reverse the relationship between the superstructure and the economic base, between politics and economy. (To consolidate the dictatorship of the proletariat, we must satisfy the needs of state administration and strengthen national defense. Therefore, this is a matter of the category of the superstructure.) Moreover, these needs do not grow continually. (It is believed that everything included in the aim of socialist production must grow continually.) And so on and so forth. I think these criticisms should be discussed.

For the convenience of exposition, I analyze the third viewpoint first. Those comrades advocating this viewpoint have this common principal view: Only that part of the national income directly used for satisfying the people's material and cultural needs can be the concern of the aim of socialist production. If this understanding of mine is correct, then in what category is that part of the accumulation directly used for the people's livelihood needs, that is, used as a reward for the labor supplied by the additional labor force employed for expanded reproduction? Is that part of the accumulation a means to the end or the end itself? If we say it is a means, it is nevertheless directly used to satisfy the people's livelihood needs. However, if we say it is the end, it belongs to the category of accumulation. How should we resolve this contradiction? A similar problem exists for that part of the accumulation used for satisfying the needs of state administration and strengthening national defense. Another question is that if it is a reversal of the relationship between the superstructure and the economic base, between politics and economy to include as an aim of socialist production the satisfaction of the needs of state administration and strengthening the national defense, then does the satisfaction of the people's cultural and artistic needs reverse the relationship between the superstructure and the economic base, between politics and economy? It is because no one can say culture and art belong to the economic base. In conclusion,

although the third viewpoint appears to be correct, closer examination will reveal confusion in its logic. It contradicts the relation inherent in the process of economic development. This proves that the third viewpoint is hardly tenable.

Another problem about the third viewpoint is that those comrades advocating it consciously or unconsciously put in absolutely antagonistic positions Stalin's two descriptions of the aim of socialist production in his essay "Economic Problems of Socialism in the USSR." They proceed in this manner to explain the aim of socialist production. Stalin's two descriptions are: First, "to insure the maximum satisfaction of the entire society's constantly growing material and cultural needs" (abbreviated below as "the entire society's needs") and second, "to satisfy man's material and cultural needs" (abbreviated below as "man and his needs"). I think that these two descriptions of Stalin are essentially identical, because under socialism the workers have become the master of society and therefore satisfying "the entire society's needs" is identical to satisfying "man and his needs." One important point here is that in different social systems the relationship between the workers and society differ radically. Under capitalism, the bourgeoisie are the masters of society which is a world which serves them. The workers are oppressed by society and they are like some material to be exploited by the bourgeoisie. However, things are completely different under socialism. Society becomes the workers' own society and satisfying "man and his needs" is equivalent to satisfying "the entire society's needs." Therefore, the needs of expanded reproduction, state administration and strengthening the national defense are inevitably an aim of socialist production, just as society's public spending on cultural, educational and collective welfare needs and so on, or society's spending on the workers' individual consumption needs. Marx said: "All that is taken from a producer as a private individual will be directly or indirectly used to provide welfare to that producer as a member of society." ("A Critique of the Gotha Program," "Selected Works of Marx," Vol 3, p 10) On the basis of Marx' statement, I think that if it is necessary to differentiate the contents of the aim of socialist production; we should differentiate them into a part involving the direct satisfaction of the people's needs and another part involving the indirect satisfaction of their needs. We should not set one part against the other as in the third viewpoint. The difference between "direct" and "indirect" satisfaction is just one in the way in which the people's needs are satisfied. It does not affect the principle that the aim of socialist production is to satisfy the people's needs. Therefore, both that part involving the direct satisfaction of the people's needs and the other part involving indirect satisfaction should be included in the aim of socialist production.

In his works such as "Opinions on Plekhanov's First Draft Program," "Opinions on Plekhanov's Second Draft Program" and "Opinions on the Draft Program of the Committee" ("Collected Works of Lenin," Vol 6,

pp 7, 37, 50-51), Lenin criticized the following viewpoint as "blurred," "inadequate," "inaccurate" and so on: That the aim of socialist production can be summarized as satisfying "society's needs." Some comrades quoted Lenin's criticism to rebuke the viewpoint that the aim of socialist production should include four categories of needs. I think their comments are probably incorrect. It is because if we carefully read the paragraphs containing Lenin's criticism, we can clearly see that his criticism mainly says that what Plekhanov and others simply described as satisfying "society's needs" failed to express "the best welfare and the comprehensive improvement of material life in a coordinated way," "fully insuring the welfare and the free, comprehensive development of all members of society," the inability of capitalism to "satisfy all members of society and the different degrees of satisfaction for different members" and so on. In his criticism there is no hint of Lenin's objection to including the need of socialist expanded reproduction and the needs of state administration and strengthening the national defense in the aim of socialist production. The defects mentioned in Lenin's criticism basically did not appear in Stalin's statement, because Stalin's expression is: "insuring the maximum satisfaction of the entire society's constantly growing material and cultural needs." This clear expression of the nature of socialist production replaces the sweeping expression of Plekhanov and others about satisfying "society's needs." Therefore, it is incorrect to quote Lenin's criticism of Plekhanov and others to criticize the view of including four categories of needs in the aim of socialist production. Such criticism is untenable.

Bukharin said: "Under the rule of capital, production is for a surplus value and for the sake of profits. Under the rule of the proletariat, production is carried out to offset society's needs." Lenin criticized this view in "A Review of Bukharin's Book: 'The Economy in the Transition Period.'" He said: "Unsuccessful. Profits also satisfy the needs of 'society.' We should say: Under the rule of the proletariat, the surplus products [preceding two words underlined] do not belong to the class enjoying private ownership, but belong to all workers, and to them alone." (Lenin: "Review of Bukharin's Book: 'The Economy in the Transition Period,'" the People's Press 1958 edition, pp 41-42) Some comrades quote these words of Lenin to prove that Lenin objected to including the four categories of needs in the aim of socialist production. I think this interpretation is incorrect. What did Lenin criticize Bukharin for? He criticized him for failing to point out that under the dictatorship of the proletariat, the surplus products do not belong to the class enjoying private ownership but belong to all the workers. Requiring the surplus products to belong to all the workers is a means of insuring that the products satisfy all the workers' needs. Otherwise it will be meaningless for the workers to possess the surplus products. We all know that the needs satisfied by the surplus products include those of expanded reproduction, state administration, the strengthening of national defense and so on. Therefore, Lenin's statement is diametrically opposite to the intention of those who quote it.

It proves the correctness of the view that the aim of socialist production includes the four categories of needs.

Many comrades also often quote the following words of Marx and Engels to negate the view that the aim of socialist production should include the needs of expanded reproduction. In "The Manifesto of the Communist Party" Marx and Engels wrote: "In bourgeois society, living labor is just a means of increasing the accumulated labor. In communist society, accumulated labor is just a means of widening, enriching and improving the workers' livelihood." ("The Manifesto of the Communist Party," "Selected Works of Marx and Engels," Vol 1, p 266) In the above quotation, Marx and Engels talked about "accumulated labor" relative to "living labor." It is different from what we call the needs of expanded reproduction or accumulation. In Volume 1 of "Das Kapital," Marx explained this point very clearly: "Capital has only one living instinct, namely multiplying itself, gaining surplus value and using its own invariable part, namely the means of production, to suck the maximum quantity of surplus labor. Capital is dead labor. Like a vampire, only by sucking living labor can it possess life, and the more living labor it sucks, the more vigorous will its life be." (Marx: "Das Kapital," Vol 1, the People's Press 1975 edition, p 260) Therefore, the words of Marx and Engels quoted earlier can only be interpreted as follows: Under socialism, because ownership of the means of production has changed radically, the aim of social production has also radically changed; the aim of socialist production is to insure widening, enriching and improving the workers' livelihood. If my interpretation is correct, then it will be against the intention of Marx and Engels to use that quotation to negate the view that the aim of socialist production should include the needs of expanded reproduction and so on.

It is not meaningless to analyze the aim of capitalist production here. When Stalin criticized the view that the law of average profit rate was the basic economic law of capitalism, he said: "Modern monopoly capitalism does not strive for average profit, but for the maximum profit necessary for achieving expanded reproduction in a relatively normal way." ("Economic Problems of Socialism in the USSR," "Selections From Stalin," Vol 2, the People's Press 1975 edition, p 600) The inclusion of the needs of expanded reproduction in the aim of capitalist production enables us to explain how the basic economic law of capitalism determines all the main aspects and main processes of capitalist production, the success and failure, strengths and weaknesses of capitalism and so on. In view of this, we must also admit that the aim of socialist production should also involve the needs of expanded reproduction. Only thus can we explain how the basic economic law of socialism determines all the main aspects and main processes of capitalist production, explain why socialist production grows continually and why the standard of the people's material and cultural life rises continually, and explain the enormous superiority of socialism.

If so, will the inclusion of the needs of expanded reproduction or accumulation in the aim of socialist production inevitably lead to the phenomenon of "production for production's sake"? Will the inclusion of the needs of state administration and strengthening national defense in the aim of socialist production imply that they will inevitably "grow continually"? The answer is no. Here we have a question of the relationship between the basic economic law of socialism and other economic laws. We say the aim of socialist production includes four categories of needs, but the proportion of each of these four categories is not determined by the basic economic law of socialism alone, but is also determined by other economic laws, such as the law of socialist distribution, the law of the planned proportionate development of the national economy and so on. According to these laws, the four categories of needs must have a definite proportional relationship among them. Therefore, if we can rather comprehensively understand these laws and work according to these laws and their mutual relationships, the phenomenon of "production for production's sake" will not appear and the state administration and national defense expenditures will not necessarily "grow continually." In conclusion, we should not just understand the aim of socialist production metaphysically or literally.

In our past work, there had been an incorrect tendency of "carrying out production for production's sake," reflected in examples such as an excessive accumulation rate, the inappropriate use of accumulation funds, grave disproportion in the national economy and so on. However, these were problems in our work and they occurred because we did not fully and thoroughly understand and work according to the basic economic law of socialism and other economic laws. The problems were not due to the inclusion of the needs of expanded reproduction in the aim of socialist production. Even if the aim of socialist production should not have included the needs of expanded reproduction, the problem of correctly handling the accumulation rate would still exist in our work, and if the accumulation rate were then too high or the accumulation funds inappropriately used, the mistake of "production for production's sake" would still have occurred. Therefore, it is a groundless view to say that the inclusion of the four categories of needs in the aim of socialist production provides a theoretical basis for the mistake of "production for production's sake."

Lastly, some comrades wrote that the viewpoint that the aim of socialist production involves the four categories of needs is a result of Lin Biao and the "gang of four" pursuing the ultraleftist line. The reasoning is roughly as follows. Under the rule of their ultraleftist line, the problem of livelihood became a "forbidden area" and whoever talked about improving the people's livelihood would be labeled "revisionist" or "following the welfare doctrine." Therefore, people dared not outspokenly and justly say that the aim of socialist production was to satisfy the people's material and cultural needs. When they talked about it they would also invariably mention expanded reproduction,

consolidating the dictatorship of the proletariat and so on. I think that such a view is one-sided and not sound. First, the viewpoint advocating the inclusion of the four categories of needs in the aim of socialist production appeared well before Lin Biao and the "gang of four" ran wild. Second, Lin Biao and the "gang of four" not only opposed improving the people's livelihood, but also opposed the development of production. They wielded the club of "the theory of the unique importance of the productive forces." Whoever promoted production would be called a "capitalist roader." They pointed their spearhead at any factory doing well in production. They pushed the national economy to the brink of ruin. Under such conditions, how could the viewpoint of including the four categories of needs in the aim of socialist production become necessary for them in pursuing the ultraleftist line? Did they really want to expand reproduction and consolidate the dictatorship of the proletariat? We must view this issue in its essence.

After making my explanations and analysis, I wish to quote from Marx and Engels to conclude this article. Marx said: "Only when the capitalist mode of production is eliminated can the working day be allowed to be limited to the necessary labor. However, other conditions remaining unchanged, necessary labor will expand its own scope. One reason is that the workers' livelihood is constantly enriched and their daily needs will grow continually. Another reason is that part of the existing surplus labor will become necessary labor, that is, become the labor necessary for the formation of society's provident and accumulation funds." (Marx: "Das Kapital," Vol 1, p 578) Engels said: After the elimination of the private ownership of the means of production, social production "is aimed at satisfying the needs of the whole society and each of its members," and then "for one thing, some products will be directly owned by society for use as materials for maintaining production and expanded production, and for another, some will be directly owned by private individuals for use as materials for daily life and recreation." (Engels: "Anti-Duhring," translated by Wu Liping, the People's Press 1956 edition, pp 293-294) These words of Marx and Engels show that the aim of socialist production should essentially include the four categories of need. The two ways of putting things--first, the aim of socialist production is to insure the satisfaction of the people's constantly growing material and cultural needs, and second, the aim is to insure the satisfaction of the entire society's constantly growing material and cultural needs--they are identical statements and have the same intention, that is, the aim includes the four categories of needs, and not just two categories as what the third viewpoint maintains. (June 1980)

NATIONAL POLICY AND ISSUES

JAPAN'S CONCEPT OF PACIFIC ECONOMIC SPHERE DISCUSSED

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[Article by Chen Feng [7115 6912]: "On Japan's 'Concept of a Pacific Economic Sphere'"]

[Text] The Japanese "concept of a Pacific Economic Sphere" is the central content of Japan's "Pacific Basin Cooperation Plan." In 1978, along with the birth of the Ohira cabinet, various concepts of a "Pacific Basin Cooperation Plan" began to take shape; among them there were "Pacific Basin Sphere," "Pacific Economic Community," and "Pacific Basin Community".... While their names differed, the common basic thrust of these "concepts" was the exploration and development of Japan's economy and trade in the Asian-Pacific region.

I. First Mention of the Matter

After the war, Japan's economy developed rapidly. In a short span of just slightly more than 30 years, Japan has already jumped to the rank of the number two economic superpower, second only to the United States among the capitalist countries. In 1978, her gross national product reached as high as U.S. \$1 trillion, which was 10 percent of the gross world product; her foreign trade exports exceeded U.S. \$100 billion, with a favorable balance of U.S. \$24 billion. Of this latter amount, the favorable export balance to the United States was the highest, reaching U.S. \$11.6 billion, while the favorable export balance to the European Common Market amounted to U.S. \$6.4 billion.

The fact that Japanese products enjoyed good sales in the European and American markets and earned huge amounts of money caused strong dissatisfaction on the part of the countries of Europe and America. But foreign trade is the lifeline of the development of Japan's economy, 80-90 percent of whose resources depend on imports, and one-third of whose industrial products depend on sales abroad. In a situation in which her trade in Europe and America was subject to great limitations, the development of her trade and economic intercourse with countries along the Asian-Pacific coastal lines therefore became a most urgent issue for Japan.

In the 1960's and early 1970's, statesmen and scholars such as Takeo Miki, Kakue Tanaka and Kiyoshi Kojima proposed the concept of an "Asian-Pacific

Sphere" and the issue of "Cooperation Among the Countries of Asia" in order to enable Japan to find a stable supply of her raw materials and a market for the sale of her products. But these proposals were never advanced any further at the time because of the underdevelopment of the economies of countries along the Pacific littoral and their feelings of loathing for Japan.

Today there has been a pertinent turn for the better in the feelings of Asian-Pacific coastal countries toward Japan, and these countries are all devoting efforts to develop their national economies. Thus they too have a desire to develop their economies with the assistance of Japan's economic might.

Although the administrations in Japan have not publicly proposed any specific policies promoting a "Pacific Economic Sphere," beginning in 1962 organs like the Economic Survey Association have been discussing concepts such as a "Pacific Common Market," a "Pacific Free Trade Area," a "Pacific Economic Cooperation Organization," and a "Pacific Community." In the summer of 1977, Japan published a book entitled "Issues of the 21st Century." This book was published with a grant of 300 million yen given by the Japanese Government, with the council chairman of the Japan Comprehensive Research and Development Institute Tadao Mukozaka, as editor. He concentrated as "national policies" the research results of 14 civilian institutes, such as the Nomura Comprehensive Research Institute, the Mitsubishi Comprehensive Research Institute, the Japan Economic Survey Association, etc. In the spring of 1978, in order to campaign for prime minister, Masayoshi Ohira entrusted the thinktank of the Nomura Comprehensive Research Institute to conduct a further study of this question. In March 1978 a specialist at the Nomura Comprehensive Research Institute, Jiro Tokuyama, suggested the "Pacific Basin Economic Sphere Concept" at a meeting in Hawaii of people in Japanese-American financial circles. At this same time, Japan's important newspapers and journals published a number of articles and proceedings of symposia on this question.

Thus, Japan aroused a "Pacific fever," and the world came to be more than ever concerned about the Pacific. In July 1978, U.S. Secretary of State Kissinger said to Jiro Tokuyama: "Don't we already have signs that the direction of history is leaving Europe and shifting from now on to the Pacific region?" In November he said again to Prof. Fuji Kamiya: "In the 1980's Japan is going to play an important role in the international arena." "The Pacific is going to be the center of world events in the late 20th century and the 21st century." On 22 April 1979, he said at a forum held by the Yomiuri Shimbun in Japan: "The center of gravity of the world is gradually shifting from the Atlantic to the Pacific region." The financial adviser to the Malaysian Government, Chen Xiuxin [7115 0208 0207], said at a briefing conference on Asian commerce in April 1978: "Over 30 years ago, I predicted that after World War II the political center of the world would shift from the Atlantic to the Pacific; now such a situation is really appearing before us. I think that in the last quarter of the 20th century, the fate of mankind is to be decided in the Pacific."

With world opinion so concerned about the Pacific region, Ohira took the opportunity of his second turn at forming a cabinet, in November 1979, to

formally propose for the first time the "Pacific Economic Sphere Concept" as his "national policy," by way of accepting the "All-Pacific Cooperation Plan" submitted by new Foreign Minister Saburo Okita.

II. Nature, Content, and Membership of "Pacific Economic Sphere"

In the development of the world economy today, there is a conspicuous trend to organize regional economic blocs according to geographical, historical and economic conditions. In the Atlantic region, the European Community was organized long ago; it has been relatively effective in promoting the economic development of the participating countries. Some countries in the Pacific region also have demanded the formation of certain regional common economic organization. Poor in resources and dependent on trade, Japan needs even more to make economic cooperation multilateral. A "Pacific Economic Sphere Concept" born against such a historical background is bound to take economic cooperation as its primary goal. Although the possibility cannot be excluded that it might eventually develop into something like the European Community, which includes the characteristics of a political and military alliance, at present it will very probably be just a loose association established on the basis of bilateral or multilateral economic cooperation.

The "Pacific Economic Sphere" will put emphasis on carrying out the following aspects of cooperation:

1. Establish research and educational institutions with a genuinely international high level, exchange scholars, and train students and scientific and technological personnel from various countries. Set up various data and information centers, share the use of data, and exchange research results. Establish communications networks and strengthen news networks (such as the launching of communications satellites for joint use by various countries of the Pacific). Develop the tourist industry and increase personnel exchanges.
2. Set up regular institutions for the promotion of trade, carry out bilateral or multilateral trading activities in a planned and strategic way, study the production of mutually beneficial commodity items for the granting of special favored tariffs, and solve in a timely manner various trade contradictions.
3. Establish economic cooperation organizations and study the undertakings of member countries (and areas) in importing advanced technology and whole sets of equipment, in handling loans, in starting up enterprises, in increasing the number of jointly run enterprises, etc. Set up common investment organizations, study the key areas for investment, protect the environment, sign guarantees for investment, etc.
4. Establish institutions for the common exploitation of oceanic and other important resources; study, survey, and define development projects in common; establish various cooperative systems; organize joint survey teams; use survey data and adjust contradictions together. With respect to energy, foodgrains, etc., in particular establish special institutions to help petroleum-producing and foodgrain-producing countries to increase their

production, and at the same time study the establishment of petroleum storage and redistribution bases and foodgrain storages at sea. Also, cooperate in the study and utilization of atomic energy, solar energy, earth heat and coal liquefaction, etc.

5. Establish regional teamwork organizations to conduct periodic studies of the economic development, production structure, and similar situations in the Pacific countries, and carry out appropriate adjustments so that the production arrangements of member countries will adapt even more relevantly to their respective economic development. For instance, in steel production, set up a Pacific steel cooperation institution to assure a long-range, stable relationship between the exploitation and supply of iron ore and raw coal and their demand. In the case of the deployment of production enterprises related to steel, such as automobile, shipbuilding, machinery manufacturing plants, etc., there should also be discussions and proposals on concepts for adjustment.

6. Strengthen financial cooperation; improve the money market, for example by establishing a Pacific cooperative foundation to help countries of the Pacific to exploit their resources; import whole sets of equipment and advanced technologies; and open up new industrial districts, supplying compensation to member countries indebted in trade; and establish various scientific and cultural research institutions, etc. Before a Pacific cooperative foundation is established, full scope must be given to the roles of U.N. financial institutions such as the Asian Development Bank. Along with the further internationalization of Tokyo, strengthen the connection between the Hong Kong and Singapore international financial centers and the rest of the world. Negotiate, study, and put into effect some kind of uniform monetary system.

The economy, geography, history and ethnic conditions of members of the "Pacific Economic Sphere" are extremely diverse. There are capitalist countries of the world with highly developed economies; there are countries and areas with underdeveloped economies; and there are also socialist countries. According to the connotation of the "Pacific Economic Sphere," all countries or areas along the Pacific coast, including the United States, Canada, Australia, New Zealand, the five countries of the Association of Southeast Asian Nations, South Korea, our Taiwan Province, Hong Kong, Brazil, Argentina, Mexico, Venezuela, the Soviet Union, the Korean People's Democratic Republic, the three countries of Indochina, and our own country can participate. Japan's Prime Minister Ohira also declared: "Carry out open cooperation. Do not exclude any countries which are willing to participate." But when he broached the five principles of the "Pacific Basin Cooperation Plan," he emphasized: "There is need to secure the cooperation of the five 'advanced countries,' including the United States (Japan, the United States, Canada, Australia, and New Zealand), as well as the Association of Southeast Asian Nations." It is thus not very difficult to see that, in its conceptualization of the membership question, Japan does have its own points of emphasis and orderly steps.

According to the conceptualization of the Japanese Government and scholars, the "Pacific Economic Sphere" is going to be made up at first of Japan, the United States, Canada, Australia, New Zealand, the ASEAN countries, South Korea, the province of Taiwan, Hong Kong, and the like, and then expanded later. They think that the above countries and areas are situated at the center of the Pacific and their strategic positions are very important. The economies of the five "advanced countries" are all highly developed, their capital is abundant, and they need to export capital and expand their trade. The five ASEAN countries have rich resources and are eager to exploit them, and they are also endeavoring to develop their economies and are in need of exporting their resources to earn foreign exchange so as to promote their own industrial development. Even more important, they have traditional relations of economic cooperation. The raw materials Japan imports from the ASEAN nations make up 40 percent of the raw materials she imports from Asia as a whole. Of these, rubber makes up 98 percent of all her imports in this category; tin makes up 90 percent; sugar makes up 20 percent; and petroleum makes up 16 percent. In 1975-1977, bilateral trade between Japan and the ASEAN countries exceeded that between Japan and the United States--amounting to U.S. \$14.4 billion. In 1978, Japan's exports to and imports from the ASEAN nations increased respectively by 34.9 percent and 14.7 percent over those of 1977, making up respectively 24.3 percent and 23.3 percent of total Japanese exports and imports; they ranked second in both cases. Of Japan's imports, 44 percent of coal, 48 percent of iron ore, 65 percent of ardenite, and 85 percent of beef all came from Australia. And of Australia's exports, 79 percent of coal, 77 percent of iron ore, 55 percent of lamb, 31 percent of granulated sugar, 11 percent of sheep's wool, 13 percent of beef, and 39 percent of wheat all went to Japan.

In their long-term economic exchange with Japan, South Korea, and our province of Taiwan and Hong Kong have forged close economic relations. At present, of South Korea's U.S. \$940 million of foreign private direct investment, Japan contributes 66.3 percent, and of its 1,040 items of imported foreign technology, Japan contributes 61.3 percent. In 1978, South Korea's trade with Japan was valued at a total of U.S. \$8.9 billion, or 31 percent of its total trade. Japan's trade with and investment in our province of Taiwan have been next only to those of the United States. In 1977, trade with Japan made up 55.7 percent of the foreign trade of three processing districts on Taiwan and of the 1,075 items of advanced technology imported by them, 773 were from Japan. After the establishment of diplomatic relations between China and the United States, Japan's trade with and investment in Taiwan have expanded even faster. In the first half of 1979, Japan's trade with Taiwan increased by 12.8 percent over that of the corresponding period in the previous year.

Because of the establishment of Sino-American diplomatic relations, the status of Hong Kong as an entrepot of world trade and international financial center has been further elevated. Hence, Japan also pays more attention to Hong Kong. In 1979, the "Hong Kong-Japan Economic Cooperation Commission" was established. Japan's principal enterprises all have agencies in Hong Kong. Prior to this, in 1978, Japan's trade with Hong Kong had already achieved a favorable balance of U.S. \$2 billion, which constituted the worst unfavorable balance for Hong Kong in respect to all its trade partners. In the same year, Japan's investment in Hong Kong made up one-fifth of all foreign investment there, ranking second.

Up to 1978, Japan's investment in the nine countries and areas of the five ASEAN countries, South Korea, our province of Taiwan, Hong Kong, and Australia totaled U.S. \$6.45 billion, or 29 percent of Japan's total foreign investment of U.S. \$22 billion. Up to 1977, Japan's official economic aid to the ASEAN countries amounted to U.S. \$7.8 billion, constituting 50 percent of Japan's total foreign aid and 47.3 percent of all aid by the developed countries for ASEAN, ranking first among them.

The relations of the United States with the above countries and areas are about the same as those of Japan, although, in terms of the developing trend, Japan's have already exceeded those of the United States in some countries or areas (such as South Korea, Thailand, Malaysia, Indonesia, etc.). But at present, their international economic relations are still mainly anchored around the United States. The exports to the United States by Singapore, Hong Kong, and our province of Taiwan all rank first in their respective total exports. They often use the favorable balance gained from the United States to compensate for their unfavorable balance to Japan. In 1978, for instance, South Korea had a favorable balance of U.S. \$660 million with the United States but an unfavorable balance of U.S. \$3.3 billion with Japan. Taiwan's 1978 favorable balance of U.S. \$2.8 billion with the United States was slightly higher than its unfavorable balance of U.S. \$2 billion with Japan. There are similar situations with regard to Indonesian, Philippine, and Thai trade with the United States.

Japan and the United States have long been trade "partners." But the fact that Japan at present lists the United States as an important member of the "Pacific Economic Sphere" is mostly based on security considerations. From the long-range point of view, Japan is ultimately going to part company with the United States and advance toward "independence." On the other hand, America's traditional economic activities have been anchored mainly in Europe, and America's fundamental interests and key points of struggle with the Soviet Union are also in Europe; hence it does not have the strength to participate too much in the daily affairs of the "Pacific Economic Sphere." For this reason, the United States is unlikely to play an important role in the "sphere."

III. Prospects

Not only is the establishment of a "Pacific Economic Sphere" necessary for the development of Japan's economy but, from the situation of the economic development of the Pacific region, there are beneficial factors for the establishment of such an "economic sphere."

1. The Western Pacific Area Is at Present One of the Most Thriving Areas of World Economic Development.

After the 1973-1974 petroleum crisis, Japan's economic annual growth rate was reduced from the previous 10 percent or so to 5-6 percent, but it was able to maintain a level higher than all the other developed capitalist

countries, Singapore, Hong Kong, the province of Taiwan, and South Korea in 1970-1977 enjoyed on the average a progressive annual industrial growth rate of 28.8 percent, which was higher than Japan's 22.7 percent during the same period. In 1978, their average economic growth rate was 11 percent and that of the ASEAN nations was 7.6 percent, while that of the developed countries was only 3.5 percent. According to the predictions of economic cooperation and exploitation institutes, by the year 2000 Japan's per capita gross national product will be U.S. \$10,577; Canada, U.S. \$10,086; the United States, U.S. \$9,943; and the European Common Market, U.S. \$6,900; Japan will surpass the United States and other countries in this area. In 1970, the GNP of United States was 31 percent of the 1970 world gross product, that of the European Common Market, 20 percent; that of Japan, 6 percent; and that of Japan plus China and the other Asian countries, 16 percent. By the year 2000, the relative proportions will change to: United States, 19 percent; European Common Market, 15 percent; Japan, 10 percent; and Japan plus China and the other Asian countries, 23 percent. Then, Japan and China together will have an economic strength equal to that of the United States.

Along with the development of their economies, economic relations between members of the conceived "sphere" will also become closer. At present, the rate of interdependence within the "sphere" is 61-62 percent--lower than the 80-83 percent within the Atlantic region, but with a faster rate of development. In 1977, Japan's exports to Thailand increased threefold over those of 1971; to Malaysia, twofold over those of 1973; and to Singapore, 37 percent. In 1973-1977, the exports of the five ASEAN countries scored an average progressive yearly increase of 23.6 percent. In 1978, exports of the "four areas" of South Korea, Hong Kong, etc., also increased 25 percent, whereas total world exports increased only 15 percent. The development of trade, in turn, spurred economic development and made it profitable to put to widespread use such means of [transportation and] communications as big oil tankers, big jet airplanes, communications satellites, and new undersea cables. The countries around the Pacific thus tend to become even more closely associated with one another, turning the Pacific into an "internal" ocean.

2. Within the "Sphere" Are the World's Most Abundant Manpower and Material Resources.

The conceived "Pacific Economic Sphere" at present has a population of more than 1.7 billion, which is slightly better than one-third of the world's total. Natural resources within the "sphere" are also abundant, with foodstuffs more than self-sufficient. The United States and Canada are the world's greatest foodstuff exporters. Their wheat exports make up 90 percent of the world's total exports, and their other grain exports also make up more than 80 percent of the world's total exports. Rice is the main item of consumption in the Asian-Pacific area. Thailand is the world's second rice-exporting country with a yearly amount of nearly 2 million tons of rice for export, which is 20 percent of the world's total exports. The rice supplies of Japan, South Korea, and Taiwan Province are basically self-sufficient, while Malaysia is 90 percent self-sufficient. There is a serious deficiency in foodgrain supplies only in Indonesia, Singapore, and Hong Kong. At present, except for the United States and Japan, individual foodgrain production in countries and areas within the "sphere" is generally rather low.

therefore the potential is very great, and if American and Japanese management methods are employed to raise individual production, there will be a far greater surplus within the 'sphere.'

Other resources in the 'Pacific Economic Sphere' are even more abundant. For example, the ASEAN countries alone produce 82 percent of the world's rubber, 70 percent of its palm oil, 63 percent of its tin, and 80 percent of its tropical lignosae. Malaysia is called 'the kingdom of tin and rubber'; the production of both its tin and its palm oil ranks first in the world. The production of tin makes up one-third of the world's supply, and that of rubber makes up half of the world's supply. Malaysia also exports petroleum, coal, iron, wolfram, gold, bauxite, copper, and many other minerals. The Philippines is the world's largest coconut grower and exporter; its production of coconuts makes up 45 percent of the world's total. In the first half of the 1970's, Philippine copper exports ranked fourth in the world. The production of Thailand's natural rubber makes up 11-12 percent of the world's total, and both its production and its exports rank third in the world; its production of tin ranks fourth in the world, making up 12 percent of the world's total; its sugar exports rank fifth in the world; its fishing catch ranks seventh in the world; and production and exportation of rubers both rank first in the world. Indonesia's quinine, rattan, and kapok production ranks first in the world; its production of rubber ranks second in the world; its production of tin ranks third in the world; and its petroleum exports rank first in Asia.

Australia is a country with especially numerous mineral resources and a very well developed agriculture and pastoral industry. The production of its iron, aluminum, gold, copper, zinc and other minerals ranks high in the world. Its surveyed uranium resources at present make up 15 percent of the world's total; it is one of the world's principal uranium-producing countries. Its wool production and exports both rank first in the world; in 1978, its wool production was approximately one-third of the world's total. Australian woolen products make up 47 percent of the wool that enters the international market. It is also one of the world's largest suppliers of meat, with 600,000-900,000 tons of beef exports and butter exports a year--the third highest in the world.

In addition, from the manganese nodules discovered under the Pacific Ocean can be refined several thousand times more manganese, nickel, cobalt and minerals of the like than are available on land.

3. Regional Economic Cooperation Has Already Demonstrated the Prototype of the "Pacific Economic Sphere."

Regional cooperation of various forms as represented by ASEAN is developing rapidly within the 'sphere'. In December 1978, the ASEAN countries held their Seventh Conference of Economic Ministers and reached agreement on building large-scale carbamide plants in Indonesian and Malaysia and caustic soda plants in Thailand. At that conference, another 500 commodities were approved among the commodity items granted special favored trade

tariffs. In September 1979, another resolution was passed to include 1,000 additional commodities as trade products to be granted such special favored tariffs. Up to the present, the number of such special favored commodities for trade between the countries has increased to 2,326, with a general 10 percent tariff reduction. In order to assure stable supplies of petroleum and foodgrains, ASEAN also established an 'ASEAN Petroleum Council' and formulated plans for the emergency supply and distribution of petroleum as well as plans for foodgrain accumulation. Bilateral cooperation between ASEAN members has also increased. In 1979, Indonesia and Singapore formed a joint partnership to establish a free trade district in Batam. Plans for Indonesia to supply petroleum and cement to Thailand, and for Thailand to supply rice, are being carried out. Agreement has already been reached on plans for Singapore to supply electric power to Indonesia, as well as for Malaysia, Singapore, and Thailand to connect their power supply systems so as to mutually adjust their electric power supplies. Most recently, an undersea cable was completed between the Philippines and Singapore at a cost of U.S. \$500 million, with 1,380 telecommunications routes and a length of 1,514 nautical miles. An undersea cable is being built between Singapore and Thailand. In 1978, an ASEAN trade, investment, and tourist center was established in Tokyo.

Apart from ASEAN, economic cooperation between other members of the 'sphere' continues to be strengthened. In 1979, Japan and Taiwan Province jointly completed an undersea cable that is 650 kilometers long and cost 5.4 billion yen. Its communication capacity is greater than any except the Japan-U.S. and Japan-South Korea routes. In September 1979, Australia declared that it would implement a new system of tariff measures toward ASEAN and other developing countries. In October, ASEAN and Australia reached an agreement on a mutual reduction of air fares. Up to the present, Australia has established 111 enterprises in ASEAN countries. New Zealand and Australia signed a free-trade agreement more than 10 years ago. In recent years they have been preparing to organize an Australia-New Zealand tariff alliance similar to that in the European Community.

On 26 November 1979, Japan and the ASEAN countries held their first economic ministers conference and decided to carry out extensive cooperation in finance, science, technology, trade, and investment. On 17 December, Japan's 'official' financial personalities also held a conference with Singapore and set up the ASEAN-Japan Economic Association.

It is especially worth noting that as Japan enters the 1980's, it has accelerated its promotion of the 'Pacific Economic Sphere.' In the wake of Japanese Prime Minister Ohira's visit to our country at the end of 1979, he subsequently visited Australia, New Zealand, and Papua-New Guinea in early 1980 and secured the full understanding and support of the chiefs of the three countries with respect to the 'Pacific Basin Cooperation Plan,' receiving from them their pledge to play an active role in its realization. In the middle of January this year, MITI Minister Toru Sasaki also visited Indonesia and Singapore; at the same time, the United States also indicated a special interest in the 'Pacific Economic Sphere.' On 9 January, Chairman Wolff of the U.S. Congressional Subcommittee on Asian and Pacific Affairs

suggested: 'Entrepreneurs and representatives of civilian research institutions should gather together to establish a 'Pacific Community Association' in order to promote the formation of the 'Pacific Basin Economic Sphere.'" On 28 January, Japan and the United States held talks and reached an agreement on the seven undertakings to be initiated in the first stage of the execution of the "personnel training plan" in the Pacific region.

The above developments indicate that there are already various beneficial factors for the realization of the "Pacific Economic Sphere." But there are also difficulties and zigzags.

First of all, the devilish claws of aggression of the social imperialism of the Soviet Union have already stretched into the Pacific region. Its naval forces have been swashbuckling across the Pacific, and its lackey Vietnam is still continuing to carry out a savage war of aggression in Kampuchea. All of this constitutes a very great threat to the realization of the "Pacific Economic Sphere." Meanwhile, [there is a] Japanese-Soviet territorial dispute. And the political situation of some members of the 'sphere,' such as South Korea, is unstable. Moreover, the systems of countries along the Pacific littoral are not the same, their levels of development differ, and they have different views and some doubts about the "concept." In particular, they are on guard against Japan itself, as the basic nature of Japan's monopolist bourgeoisie to seize excessive profits always causes people to be vigilant and hence increases the difficulties in realizing the 'Pacific Economic Sphere.' Also, certain unforeseen difficulties and zigzags may occur in the future process of development. Hence, the "Pacific Economic Sphere" is unlikely to take shape and develop rapidly.

9255
CSO: 4006

NATIONAL POLICY AND ISSUES

SHANGHAI PAPER CARRIES LETTERS ON INDIVIDUAL ECONOMIC CONCERNS

HK061032 Shanghai WEN HUI BAO in Chinese 26 Aug 80 p 3

[Letter to editor: "What Should Be Our Attitude Toward Individual Industrial and Commercial Undertakings?--On Our Understanding of the Current Policy of Liberalizing the Economy"]

[Text] Comrade Editor,

Recently, your newspaper has been carrying many reports on such subjects as the fixing of farm output for each household in certain mountainous areas and farming villages, the running of small workshops in urban areas by retired workers, as well as about privately operated restaurants, and the rehabilitation and development of individually run industrial and commercial enterprises. After we had read this news, it became the subject of much discussion in our group. Some comrades said that this way of proceeding from reality was of value in boosting the economy. We ought to continue to emancipate our thoughts and to liberalize policies. Other comrades asked, in a half-believing, half-skeptical way, whether this was not a case of "retrogression." Doing this kind of thing appears to boost the economy, but might it not throw the normal order of the economy into disarray and give rise to a new kind of exploitation? No one was able, throughout the discussion, to talk the others round to his way of thinking, and so everybody asked me to write to your paper on their behalf, in the hope that an explanation might be printed.

Yours faithfully, Li Ming [2621 7686]

Dear Comrade Li Ming,

The problem raised in your letter is in fact that of how the present policy of liberalizing the economy should properly be understood. This problem is not only intimately related to the present boosting of the economy, development of production and fulfilling the requirements of the people, but is also linked with the adjustment of the structure of the system of ownership of the means of production. It merits thorough

study. I would like to present my own understanding of the question, raised in your letter, as to whether the new policy means "retrogression" or not, and to discuss this with you.

Since the 3d plenary session of the 11th party committee, the individual economy of towns and cities has undergone rehabilitation and development. According to statistics issued by the ministries concerned up to the end of July of this year, the total number of individually run industrial and commercial enterprises in the towns and cities of the whole country had already reached almost 400,000, with our own city, Shanghai, being the only one with more than 10,000. In making arrangements for setting up these individually run industrial and commercial undertakings, the fact that they are conveniently located at every street corner, and that their management is flexible and their service quick and attentive, have received widespread acclaim from the masses. Now why is it that some comrades cannot accustom themselves to a phenomenon of this kind, which benefits both the people and the state, and even go so far as to wonder if it is tantamount to "retrogression"? The reasons for this are historical. The existence and development of individually run undertakings are obscure and confused. At the time of the three great socialist transformations, the majority of organizations formed themselves into cooperatives and cooperative groups and, although some remained the same as before, their pace of operations was speeded up somewhat. In 1958, a large number of these began to be organized, and limited measures were also taken in regard to those which still remained unchanged, with the result that individual economy no longer had a good name. Some of the individual enterprises were rehabilitated at the time of the 3-year period of national economic readjustment, a move which was welcomed by the masses. But after 1966, there was a "clean sweep," after which the "capitalist tails" were docked, and individually run industrial and commercial undertakings disappeared almost without a trace. At the same time, the influence of the ultraleftist pattern of thought caused people to form a guideline as to whether the system of ownership was "progressive" or "backward," as well as to its degree of superiority. This did not pay any attention to what the situation of the productive forces was like, and almost amounted to saying that the "bigger" and the more "public" the scope of the ownership system was, the better and more "progressive" it would be; on the other hand, the smaller it was, the worse and more backward it would be. According to this guideline, a cast-iron order took shape on the following lines: ownership by the whole people was better than ownership by collectives; ownership by large-scale collectives was better than ownership by small-scale collectives, and ownership by small-scale collectives was better than individual ownership. Everything which, according to this system, developed from small-scale to large-scale, was "progressive," and conversely, everything which developed in the reverse direction was "retrogressive." The fact that, right up to the present, some comrades still have reservations about supporting the individual economy, and are afraid that they will be accused of being retrogressive and of upholding the development of capitalism, really has its origins in this system.

In reality, this kind of standard for evaluating the system of ownership without taking into account the social forces of production, and for talking about whether the relations of production are "progressive" or "backward" while not taking into account the actual state of the social forces of production, has absolutely no significance whatsoever. It is one of the basic tenets of historical materialism that the productive forces determine the relations of production and that the relations of production must be suited to the situation of the development of the productive forces. Whenever we are evaluating the degree of superiority of any particular system of ownership, or determining whether its direction of development is progressive or retrogressive, we must always use as our only criterion whether or not that system is suited to the nature of the productive forces and the requirements of development at the time and place in question. Working on the basis of the actual situation, in which at China's present stage of development and the level and situation of the productive forces in all the various areas and departments of the whole country are extremely unequal, we must, under the condition that the system of socialist public ownership still maintains its position of superiority, allow more different economic elements and more different forms of enterprise to come into being, and this includes permitting the existence of individual economy, within certain limits, in towns and villages, and its development up to a certain level. Today, we need to emancipate our thinking and liberalize our policies, and from the point of view of readjusting and reforming the structure of the ownership system this means that we must liberate ourselves from talking about the formula and order which demand that ownership be "firstly on a large scale and secondly public," without taking into account the state of the productive forces and that we must, in the spirit of seeking truth from facts, adopt that form of ownership system which is most capable of promoting the development of the forces of production, working from the reality of China's present stage of development, and according to the level and situation of the productive forces prevailing in all areas and departments. Whether there be ownership by the whole people or by the collectives, we must still carry out reform of the system of organizing management and administration, and we must allow the adoption of different forms of management according to differences in location, in the kinds of trade being carried on, in the levels of mechanization existing, and scales of production; if this is not done, it will not be possible to give full play to the principle of maintaining socialist public ownership in its position of superiority. As an example of this, we may take the experiment, at present being tried out, of expanding the autonomy of enterprises, which in fact represents the beginning of the reform of the management and administration of enterprises owned by the people as a whole. "The fixing of farm output quotas for each household," which was mentioned in your letter, is in fact a kind of revision of the form of management and administration of agricultural production brigades; it is a form of the system of responsibility for production which practices accountability for output. It has been proved in practice that the implementation of the form of system of responsibility

known as "the fixing of farm output quotas for each household," in many areas where the levels of the productive forces and of administration were low, where the economy was backward, and where life was hard, could very quickly increase production and improve the standard of living. The so-called "fixing of farm output quotas for each household" certainly does not alter the nature of collective ownership; proprietary rights over the means of production, control of the distribution of products, and the right of allocation of the labor force still belongs to the production brigades. Individual initiative and responsibility have simply been given full rein in the pattern of management and administration, and because of this we cannot say that "the fixing of farm output quotas for each household" represents a "retrogression" in the direction of individual farming. Even if it were individual farming, it could still not be equated with the individual farming and other things which were practiced under the reign of capitalism. Under the present conditions in China, a peasant family farming on its own are peasants subscribing to the system of ownership by individuals, but have close relations with the socialist public ownership economy, and bear no relation to the small-scale peasant economy of the old society; under normal conditions this cannot develop into capitalism, and of course it is even less permissible to compare individual farming and this type of thing with capitalism. Further, in sparsely populated areas deep in the mountains or forests, or in areas inhabited by nomadic tribes, it is obviously fundamentally unsuitable to organize collective labor, and individual farming may, on the other hand be well suited to the state of development of the productive forces in those areas.

At present, the reason why we need to rehabilitate and develop the individual economy in the towns and cities, if we go right to the heart of the matter, is also determined by the objective law that the relations of production must be in harmony with the forces of production. In urban areas, a large number of industries which directly serve the daily requirements of the people, such as the food industry, the clothing industry, the repair industry, the housing repair industry and the short haul transport industry and so on, basically involve manual labor and a decentralized management. In adapting to productive forces of this nature, the only suitable arrangement is that of the individual economy, small cooperative groups or full cooperatives assuming sole responsibility for their own profits or losses. Considering the special features of these various industries, even if they achieve modernization, it will not be easy for them to assume the form of large-scale economic organizations. Thus, as the working committee on labor and employment, recently convened by the party Central Committee, has clearly pointed out, the individual economy should be actively supported and suitably developed; this is a long-term policy, adopted on the basis of lessons learned from history, and in keeping with objective conditions.

Apart from the necessity of clearly recognizing the existence of the individual economy in urban areas, it must be considered in the light of

its role in such areas as developing the socialist economy, enlivening the market and opening up new opportunities for employment, areas where the positive contributions it has made could not have been duplicated by a state-run or collective economy. This also means that, in respect of a great many contributions toward serving social production and the quality of life, state-run and collective economies cannot and should not be called into account. The individual economy is urgently needed to assist in "making up for goods shortages and deficiencies." For example, state-run and collective enterprises may not be able to fully meet the production plan for the various small commercial goods of all kinds and shades required by the people; the people would like to be able to buy all the consumer goods they require at convenient times and places, but state-run and collective commercial undertakings cannot provide the required number of shops with day and night service, nor can they open so many branches or send out so many mobile service teams; the people need more "on the doorstep" services catering to individual customers or to households, but it would be difficult for state-run and collective enterprises to provide this kind of service to their complete satisfaction. In all these situations, the individual economy is needed to "make up for goods shortages and deficiencies," and to make up for the inadequacies of state-run and collective industrial and commercial enterprises.

Some comrades express concern over whether the development of the individual economy might not cause confusion and bring about new exploitation. The key to a clear understanding of this question is to clarify the nature of the individual economy in a socialist society, and to adopt correct policies in relation to it. The law clearly stipulates that it is permitted for individual workers to carry out individual labor, so long as it is within the scope of that allowed by law, and as long as it does not exploit other people. In his speech on the occasion of the 30th anniversary of the foundation of the People's Republic of China, Comrade Ye Jianying also pointed out that: "The individual economy among urban workers, which continues to exist within a limited scope, belongs to and supplements the economy of socialist public ownership." This is to say that there are important differences between the nature and function of the individual economy within a society of socialist public ownership and those of the individual economy within a society where the system of private ownership exists. Throughout the course of history, the individual economy has never become an independent pattern of production, but under various social systems has always been appended to the economic system holding the dominant position, and thus given rise to differing effects. Under China's present economic conditions, since it is an economy which is limited in scope, subordinated to the economy of socialist public ownership and having a supplementary effect on the system of public ownership, it is thus incapable of bringing about confusion by blindly developing in an unrestrained manner, and cannot reach the extreme of developing into capitalism. That is to say, the key to whether or not the individual economy can give rise to capitalism is the

conditions under which it exists. Under conditions where the system of public ownership of the means of production holds a position of absolute superiority, and where labor is not a marketable commodity, and where, in addition, such aspects as the scope of enterprises and the supply of raw materials, as well as prices for products and tax revenue are all under the administration of, and are restricted by the economy of public ownership and the relevant departments of the state, under such circumstances, individually run industrial and commercial undertakings which are carried on within the limits permitted by law, which allows individuals to earn a living by relying on their own labor, and does not exploit others, cannot be said to constitute capitalism. The work and the positions in society of those who are involved in individual industry and commerce should be safeguarded and respected, and there should not be any discrimination against them.

Of course, after the individual economy has started to develop, various problems may arise, but these can be ironed out by formulating laws and regulations, and by strengthening management. When we say that we need to liberalize policies, this should not amount to liberalization with no organization; on the contrary, we should study new management methods as new situations arise and, through positive leadership and proper support, correctly work toward making things active but not chaotic.

To sum up, we should all adopt a correct attitude toward the nature and effects of the individual economy in towns and cities and, in line with the general guidelines and related plans and policies laid down by the party Central Committee in respect to "emancipating our thinking and liberalizing our policies, and boosting the economy," we should encourage and support the individually run enterprises, undertaking by young people waiting for employment and by those not otherwise occupied in society, which are within the limitations of the policy, and we should moreover give our assistance to the departments concerned with the administration of trade and industry in successfully carrying out the work of organizing these enterprises.

Cao Zongqing [2580 1350 7230]

CSU: 4006

ECONOMIC PLANNING

SHANGHAI: BAOSHAN IRON, STEEL PLANT PROMOTES CADRES

HR040528 Shanghai JIEFANG RIBAO In Chinese 6 Sep 80 p 1

[Article by Wu Lichao [6762 3525 6275]: "Cadres Basically Deployed in the Production Command System of the Baoshan Steel Complex--On Laying a Solid Foundation for Putting the Project Into Operation Quickly After Its Completion"]

[Text] With the support of the fraternal units of the Ministry of Metallurgical Industry and the Shanghai Municipality, the main plant of the Baoshan Iron and Steel Company has rapidly deployed its leading production group and organized its production contingent. It has also basically deployed cadres in the production command system and trained a number of technical workers. This has laid a solid foundation for putting the project into operation quickly after its completion.

While inspecting the Baoshan Iron and Steel Company, several leading comrades of the State Council repeatedly pointed out that immediate and close attention should be paid to the preparatory work of the project. Over the past year, the leading group of the main plant of the Baoshan Iron and Steel Company has promoted to leading posts cadres who are in their prime and who had performed well academically and who possess practical experience. More than 110 cadres have been appointed to posts at department and section levels. Sixty eight percent of them are university and technical school graduates and 55 percent are technicians. More than 130 cadres have been appointed to posts at office and workshop levels. Sixty five percent of them are university and technical school graduates and 56 percent are technicians. The average age of the 17 leading administrators in the 8 departments is 44, the youngest being 38. The average age of the chief leaders at department and section levels of the main plant is 49. In order to simplify the administrative structure and to overcome bureaucratism, each department or section has deployed only one to two party committee secretaries and two to four leading administrators while the offices and workshops have not deployed any deputies.

At the same time, the leading group of the main plant of the Baoshan Iron and Steel Company has also seriously and successfully organized and built a contingent of technical cadres and workers. By the end of August, it has transferred 1,000 technical cadres and 1,500 technical workers who suit the needs of the project to the main plant. These technicians had received high academic marks, possesses professional knowledge as well as rich practical experience and are in their prime. To insure the success of the first operation and to achieve its designed production capacity within a shorter period of time, operators in charge of the key sections and key types of work in production have been trained. After 1 year's training, 94 percent of the 470 older workers who have over 5 years' experience and have been transferred from related enterprises within Shanghai Municipality have passed their final examination.

(SH) 4006

ECONOMIC PLANNING

'RENMIN RIBAO' REPORTS ON WASTE IN LIAONING PROVINCE

OWO50820 Beijing XINHUA Domestic Service in Chinese 0240 GMT 5 Oct 80

[Summary] Shenyang, 5 Oct (XINHUA)--"According to a report by reporter Li Huayi of the ANSHAN RIBAO, more than 3,890 dun of state salt has been laying unattended in Haicheng County's Niuzhuang, Gengzhuang, Tengao, Maoqi, Mafeng, Nantai and Ximu communes in Liaoning Province. No one has taken care of the salt for 17 years. Battered by rain and winds, the bags are worn out, and salt is everywhere on the ground. People can take salt whenever they want. Why has not anyone claimed the more than 3,890 dun of salt worth over 1 million yuan? After checking with the financial, supply and marketing, commercial salt wholesale departments of the communes concerned and those of Haicheng County, the reporter has come to understand that as early as in 1963, the Ministry of Finance, the Ministry of Commerce, the Ministry of Food, the All-China Federation of Supply and Marketing Cooperatives and the Ministry of Light Industry had issued instructions asking the related department in Liaoning to stockpile salt as a special commodity with funds from the Ministry of Finance. After receiving the instructions, the related department in Liaoning asked Haicheng County to allocate and transfer 3,894 dun of salt for war preparedness, and it was separately stored in the above-mentioned communes. It was said that the instructions of the ministries of the central authorities only reached the provincial and municipal level. The county was only informed of the quantity. At first the salt was taken care of by the grain departments on behalf of the ministries. Later the responsibility was shifted to commercial, supply and marketing and other departments. After several hand changes, nobody cared about the salt. During the entire 17 years since 1963, the departments concerned at the provincial and municipal levels have never sent anyone out to check and take care of the more than 3,800 dun of salt. Particularly after the 10 years of turmoil of the "Great Cultural Revolution," cadres of many of the units have been changed. Many comrades now even know nothing about the salt stockpile. Naturally, no one will take care of the salt."

Worrying about the losses to the salt stockpile, the commune party committees and the masses contacted a secretary of the county CCP committee and a deputy secretary in charge of financial and trade affairs in this

regard. After inspecting the communes, the county's leading comrades asked the county's supply and marketing cooperative to write to the provincial supply and marketing cooperative and other units concerned for instructions. But, the provincial supply and marketing cooperative and other units replied: "Like you, we are also acting on behalf of other organizations. Anyway, the salt is state property. Everyone has the responsibility to take care of it." However, when the commune party committees and commune supply and marketing cooperatives asked the higher authorities for funds to move the salt to a granary so that it could be well taken care of, the answer of the provincial supply and marketing cooperative and the departments concerned was: "The salt should not be moved. It should be left where it was originally stored."

"People are now asking: Who actually is the owner of the more than 3,800 dun of salt stored for as long as 17 years, and who should be held responsible for such waste?"

CSO: 4006

FINANCE AND BANKING

HONG KONG JOURNAL CALLS FOR PUNISHMENT OF VICE MINISTER

HK060757 Hong Kong CHENG MING in Chinese No 36, 1 Oct 80 p 53

[Article by Shao Kao (6730 7559): "A Vice Minister's Outrageousness in Hong Kong"]

[Text] Several months ago, the Chinese Embassy in Belgium received an unexpected call from a Belgian bank inquiring whether China had sent a vice minister by the name of Yang Yibang to borrow money from the bank. Because the bank knew nothing about his background it was afraid that he might be a swindler and therefore contacted the embassy to find out.

Ambassador Kang Maozhao was stupefied. For although he was the Chinese ambassador to Belgium, he nevertheless had no knowledge of Yang Yibang's arrival in the country. According to regulation and custom, all Chinese personnel arriving in a foreign country must first report to the local embassy. However, Yang Yibang not only did not report at the embassy, he also did not notify the embassy of his arrival.

Exactly what kind of a person is Yang Yibang?

Actually, he was only an ordinary technician before the Cultural Revolution. He had distinguished himself in rebellion during the Cultural Revolution, and as a result advanced rapidly in his official career and rose like a helicopter to become a vice minister. His present position is: vice minister of petroleum industry, secretary of the CCP committee and concurrently general manager of the Yanshan petrochemical plant (formerly, the Dongfanghong oil refinery).

To find out the actual state of affairs, Kang Maozhao decided to call on Yang Yibang in person. However, he had no idea of his whereabouts and in the end could only inquire the address of his hotel from the Belgian bank.

When Kang Maozhao arrived at the hotel, he found Yang Yibang dressed in a Hong Kong made suit and wearing leather shoes with Spanish heels. He did not look at all like a Chinese official traveling abroad. This loan

he was making with the Belgian bank was through a company in Hong Kong, and he was most secretive about his activities.

Kang Maozhao was very angry, and upon returning to the embassy, he wrote a report on how Yang Yibang had approached a foreign bank for a loan without proper authorization from the Chinese official agency and his secretiveness and filed a complaint against him with the department concerned.

Actually, this complaint made by Kang Maozhao was already the second of its kind made against Yang Yibang. As early as last year, a bank in Hong Kong had lodged a complaint against Yang Yibang. However, he was not affected by the complaint because of his powerful backstage support.

When Yang Yibang visited Hong Kong last year, he disappeared from the moment he arrived in Kowloon. Even the communist agencies in Hong Kong did not know where he had gone.

It developed that he had contacts with a "portfolio company" that specialized in speculations. This company not only spent an enormous amount of money to entertain him, put him up at a high-class hotel and took him to high-class restaurants, but also supplied him with high-class prostitutes. The proprietors of this company naturally had a purpose for their generosity. Yang Yibang also did not disappoint them, for when talking business he allowed them to make an extra \$1.5 million.

When this company saw the profits it could earn, it treated Yang Yibang like an honored guest, and Yang in turn also helped it in every possible way. Not long afterward, Yang appointed a responsible member of this company to be a consultant of the Yanshan petrochemical plant.

Later, with the help of this company, Yang Yibang also went to Japan and Western Europe to operate and borrow money. His approach to the Belgian bank was only a part of his numerous activities. He also signed a number of contracts with this company as an intermediary. However, because of the poor reputation of this company, some of the contracts such as those for chemical byproducts had to be canceled because the loans could not be guaranteed.

These actions of Yang Yibang were in serious violation of law and discipline and by right he should be punished. However, the charge brought against him by the Bank of China surprisingly did not affect him. What could be the reason? It seemed that the "petroleum clique" was very powerful and Yang's backstage bosses were even more powerful. Both Kang Shien and Lin Hujia did all they could to protect him. Therefore, after violating law and discipline in Hong Kong, Yang Yibang was still able to continue his activities in Western Europe and Japan. Even more surprising was the fact that in commemorating the "May 4" Movement, a paper in China still featured a special article playing him up as a model figure.

However, at the third session of the Fifth National People's Congress, Yang Yibang was censured by many of the deputies. His despicable behavior was brought up and the deputies called on the Central Discipline Inspection Commission and the law enforcement department to deal strictly with this matter.

The eventual outcome of Yang Yibang's fate is still not known at the moment. We think the central authorities should do two things:

1. Announce the true facts. Apart from delicate matters involving Chinese and foreign relations, all the bad things done by Yang Yibang should be made public.
2. Severely punish Yang. Yang Yibang has seriously violated law and discipline and moreover greatly damaged the reputation of the state and government. He should be severely punished according to law.

CSO: 4006

FINANCE AND BANKING

BRIEFS

EDUCATION IN BANKING--According to a GUANGMING RIBAO report, the general office of the People's Bank of China held a national meeting recently on higher education in banking. As of now, there are 22 colleges and universities offering majors in the field of banking with a total enrollment of over 3,000 students. [Beijing Domestic Service in Mandarin 0900 GMT 27 Sep 80]

HUBEI BANK CREDITS--The Hubei Provincial Bank gave 78.7 million yuan as credits to light and textile industries throughout Hubei Province from January to August 1980, and 62.53 million yuan has been spent by the enterprises accounting for 80 percent of the total credit. When the capital construction projects, which have been equipped on credit, begin to operate, the total production value each year will be increased by 1 billion yuan which is equivalent to 5.26 percent of the total industrial production value in 1979. In order to develop the capital construction projects, the Hubei Provincial CCP Committee and the provincial textile bureau and other industrial bureaus concerned have conducted meetings to formulate measures and provide supplementary materials. Hubei Province has arranged for 123 projects with the help of credits, and over 90 percent of the projects involve tapping the potential of, renovating and reforming old factories. Thus, production has been increased with a relatively low production cost. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 16 Sep 80 HK]

SHANGHAI FINANCIAL REVENUE--According to WEN HUI BAO, as of the end of September Shanghai Municipality had fulfilled 75.3 percent of the annual financial revenue plan, topping the financial revenue for the same period last year by 5.5 percent. [Shanghai City Service in Mandarin 2300 GMT 4 Oct 80 OW]

ZHEJIANG FINANCIAL APPROPRIATIONS--The Zhejiang provincial people's government recently decided to appropriate some 10 million yuan to support the development of scientific, educational, cultural and health work. Of this amount, some 6 million yuan will be used for subsidies for capital construction of institutes of higher education, educational funds for some institutes, construction of new vocational schools,

improvement of old technical schools and purchase of laboratory equipment for some middle schools. Some 1 million yuan will be used for subsidizing medical education, improvement of specialized hospitals and construction of a family planning research center. Some 1 million yuan will be used for subsidizing scientific research and popularizing scientific and technological accomplishments, and 1 million yuan for building cultural facilities, maintenance of principal cultural units and construction of a building for archeological research. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 4 Oct 80 OW]

ZHEJIANG PROFITS RETENTION--Hangzhou, 21 Sep (XINHUA)--The Zhejiang provincial government recently decided to reform the distribution of profits earned by collectively owned enterprises under the second light industrial department. According to a document issued by the provincial people's government, collectively owned enterprises under the second light industrial department should generally be allowed to retain at least 60 percent of their after-tax profits, enterprises which urgently need to develop production may retain more and enterprises which made under 5,000 yuan after tax in 1979 may retain all their profit for production and technical development. [Beijing XINHUA Domestic Service in Chinese 0300 GMT 21 Sep 80 OW]

LIAONING SAVINGS DEPOSITS--Since the beginning of 1980, savings deposits in urban areas of Liaoning Province have increased substantially. As of 20 September, savings deposits in the province's urban areas totaled some 1.64 billion yuan, an increase of 440 million yuan over that at the beginning of this year and 1.7 times more than during the corresponding 1979 period. The average savings deposits per staff and worker throughout the province is 245 yuan. [SK021107 Shanyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Sep 80]

GANSU BANKING WORK--The Gansu Provincial People's Bank has come out with a set up of measures to invigorate banking work. The measures, approved and transmitted by the Provincial People's Government to the various banks in the province, are as follows: 1) Granting loans on favorable terms to communes and brigades. The loans may be returned within 1 to 3 years with interest. 2) Opening trust business. The provincial and Lanzhou Municipal branches have decided to open two trust companies in Lanzhou Municipality. 3) Relaxing restrictions on granting loans. 4) Improving the management of cash. 5) Encouraging people and individual economy households to open bank accounts. [SK300132 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 25 Sep 80]

ANHUI FINANCIAL EXPERIMENT--Hefei, 20 Sep (XINHUA)--Remarkable economic results have been achieved by nine counties in Anhui Province selected for an experiment under which these counties are responsible for their financial revenues and expenditures. During the first 8 months, the 9 counties' revenue increased 9.33 percent over the same period last year, which was significantly higher than the provincial average of 2.4 percent, and their expenditure was 18.54 percent lower than the same period last year. Under the new system, these counties are allowed to increase their expenditure while their revenue increases and to retain the surplus of their budgets, based on the 1979 budgets with certain necessary adjustments, and will not be subsidized in case of deficit. Consequently all these counties' nonproductive expenses, for meetings, telephone calls, journals, utilities and travelling have been drastically reduced. [OW291127 Beijing XINHUA Domestic Service in Chinese 1135 GMT 20 Sep 80]

CSO: 4006

ENERGY

HUBEI PROVINCIAL CONFERENCE ON COAL INDUSTRY

HK050754 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 30 Sep 80

[Summary] Recently, the Hubei Provincial Coal Industry Bureau convened a coal work conference to sum up the experiences and lessons in coal industry and unify understanding on coal exploitation in Hubei. They proposed a practical policy to exploit the richer coal mines and to advance at a steady speed.

"There are two different opinions concerning the coal industry in Hubei. Some think that major energy can be devoted to developing this industry to make Hubei self-sufficient in coal, while others think that buying coal from elsewhere is better than extracting it at home, and that it is better to rely on coal supply from other provinces. The course of the coal industry in Hubei has not been smooth, because of differences of opinion. Around 1958 and 1970, there were two ventures for major coal exploitation. Due to the influence of the ultraleftist line and the organization of mass movements, natural and economic laws were neglected. There was shocking waste in the course of construction."

The conference held: The two opinions are both one-sided. "Because of the limited coal sources in the province and the uneven distribution of coal mines, it is insufficient to rely merely on local coal mines to meet the province's energy needs. However, coal is the principal energy source in our country, while Hubei is seriously short of coal. Exploiting local coal resources plays an important role in supplying coal to develop industry and for people's daily life, especially for some isolated mountainous areas." Although Hubei does not have satisfactory conditions for coal exploitation, in the long run, it is still economical to develop the coal industry. The conference agreed to develop mines with relatively good conditions and look after the existing mines well. Mines with particularly poor conditions are to be closed.

During the conference, Vice Governor Zhang Jinxian listened to the opinions voiced and confirmed the guiding principles for the province's coal industry.

CSO: 4006

ENERGY

BRIEFS

JIANGXI POWER INDUSTRY--Nanchang, 19 Sep (XINHUA)--Jiangxi's power industrial departments have effectively used locally produced low-quality coal for power generation by renovating boilers originally designed to burn good-quality coal. Before renovation, the boilers were known for excessive coal consumption and unsteady operation resulting in low voltage in the province's three power grids over a long period of time and seriously affecting the use of electricity in production and daily life. As of the end of last year, 75 percent of the boilers were in good repair, compared with 29 percent prior to renovation. The change has saved thermal power plants more than 600,000 dun of coal. [Beijing XINHUA Domestic Service in Chinese 0310 GMT 19 Sep 80]

SHANDONG LIQUID HYDROGEN PURIFIER--China's first liquid hydrogen demercaptan equipment was installed in the oil refinery of the (Qilu) Petrochemical General Company, Shandong Province. It recently went into production. After the demercaptan process is completed, 90 percent of the mercaptan can be purified, making the liquid hydrogen less corrosive and pungent. [Jinan Shandong Provincial Service in Mandarin 1100 GMT 27 Sep 80]

ZHEJIANG POWER OUTPUT--Zhejiang's electricity departments generated 4.88 billion kwh of electricity during the first 8 months of the year, over 43 percent higher than the same period last year. During the same period, 100,000 dun of coal was conserved. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 27 Sep 80]

SHANGHAI NEW GENERATOR--Another 125,000-kw turbogenerator built by the (Minhang) Power Plant was put in operation on 25 September. It is a key power project this year jointly sponsored by the Ministry of Electric Power and the Shanghai Municipality. The entire project took only 6 1/2 months. It has increased the state's total power output by over 200 million kwh. [Shanghai City Service in Mandarin 1130 GMT 27 Sep 80]

TIANJIN ELECTRICITY CHARGES--Electricity rates in Tianjin Municipality are to be reduced 6 percent beginning in October. The reduced rate of per kwh of electricity is 16 fen. The decision was adopted at the Eighth Standing Committee session of the Tianjin Municipal Government. [Tianjin City Service in Mandarin 0030 GMT 1 Oct 80]

SHANGHAI FAR INFRARED TECHNIQUE--Shanghai, 4 Oct (XINHUA)--Last year Shanghai conserved 130 million kwh of electricity by using the FAR infrared ray technique in heating. The technique has been further popularized this year, resulting in an electricity saving from January through August equivalent to the total amount of electricity conserved last year. The technique is easy to apply; all that is needed is to coat a certain part of the electric heating device with a FAR infrared ray radiation paint or to make some modifications on the heating device. [Beijing XINHUA Domestic Service in Chinese 0126 GMT 4 Oct 80 OW]

BEIJING SOLAR ENERGY DEVELOPMENT--Beijing, 26 Sep (XINHUA)--A new sun-light-absorbing tube and its installation device which can make full use of solar energy in all seasons have been developed by Qinghua University in coordination with the Beijing electronic tube factory and the Beijing glassware mill. Made of glass, the tube and the installation device are an advance over sunlight-absorbing panels which cannot make full use of solar energy during half of the year. The new device can be used in heating, refrigeration, air conditioning, desalination of seawater and low-temperature power generation. Tests show that the tube is up to world standards in terms of its performance in absorbing sunlight. After exposure to the sun's rays for 3 to 4 hours in an environment at 10 degrees below zero centigrade, the water in the device boils; 35.6 percent of the solar energy of the day can be turned into heat energy. Freezing test shows that when placed in an environment at 15 degrees below zero centigrade after exposure to the sun's rays, the tube does not freeze within 11 hours. [Text] [Beijing XINHUA in English 1219 GMT 26 Sep 80 OW]

POWER OUTPUT--China generated 221.8 billion kWh of electricity in the first 9 months of 1980, an increase of 8.6 percent over the same period last year, and representing 76.5 percent of the 1980 power output plan. [Beijing Domestic Service in Mandarin 1200 GMT 30 Sep 80 OW]

ZHEJIANG PREFECTURE HYDROELECTRIC POWER--Ningbo Prefecture, Zhejiang, makes headway in popularizing small hydroelectric power plants. As of now, the prefecture has 350 small hydroelectric power stations with installed capacity of 31,000 kilowatts. They generated 48 million kWh of electricity last year and 42 million kWh in the first 8 months of 1980. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 10 Sep 80]

CSO: 4006

MINERAL RESOURCES

BRIEFS

GANSU PRECIOUS METALS ENTERPRISE--Lanzhou, 5 Oct (XINHUA)--China's leading nickel and precious metals producer, the Jinchuan Nonferrous Metals Company in Gansu Province, fulfilled its 1980 output targets for platinum, palladium and other precious metals in 8 months. By the end of August, it also met 73 percent of the year's plan for electrolytic nickel. The company currently produces 11 metals from mineral ores--nickel, copper, cobalt, platinum, palladium, cesium, iridium, rhodium, ruthenium, gold and silver. Most of these metals are valuable ores. Resistant to both abrasion and high heat, they are used widely in the most advanced areas of science and technology as well as in high-precision meters and machine-building. [Beijing XINHUA in English 0228 GMT 5 Oct 80 OW]

CSO: 4020

BRIEFS

CIRCULAR ON SHOE PRODUCTION--Beijing, 19 Sep (XINHUA)--Recently the Ministry of Light Industry and the Ministry of Commerce issued a joint circular urging all shoe factories to earnestly accept the masses' opinions and produce sufficient quantities of shoes of all varieties and sizes to meet the people's needs. The two ministries called on all manufacturers and sellers of shoes to cooperate with each other, lower production costs, make smaller profits in order to sell more shoes, properly solve the question of profit sharing and to promote the proportionate production of shoes. [OW221449 Beijing XINHUA Domestic Service in Chinese 0732 GMT 29 Sep 80 OW]

SHANDONG FIRST LIGHT INDUSTRY--The first light industrial departments of Shandong Province have fully exploited their strong points to develop brewery, papermaking and the watch, ceramics, cigarette, sewing machine and bicycle manufacturing industries, scoring fairly good results. The total industrial output value of the province's first light industry for 1979 showed an increase of 10 percent over that of 1978. The total output value for the first 8 months of 1980 registered an increase of 21 percent over the corresponding 1979 period. Profits of state enterprises increased more than 50 percent over the corresponding 1979 period. Profits of state enterprises increased more than 50 percent over the corresponding 1979 period. [SK300200 Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Sep 80 SK]

HENAN JOINT VENTURE--Zhengzhou, 26 Sep (XINHUA)--The Luoyang Bearing Industry Combined Corporation--the first joint venture incorporating central and local enterprises on China's machinery industry front--was established on 25 September. Formed by amalgamation of the Luoyang bearing plant of the First Ministry of Machine Building and 23 locally owned factories in Henan Province, the new corporation has some 8,300 pieces of machinery and equipment and 25,000 workers and staff members. It is capable of making bearings of more than 3,400 different specifications, from the smallest bearing with an inside diameter of 10 millimeters to the largest one which measures some 4 meters in outside diameter. Bearings with special properties can also be made to order to meet national defense, scientific research and other requirements. According to its production capacity, the corporation will produce up to 15 percent of the bearings required in the country. [Beijing XINHUA Domestic Service in Chinese 1241 GMT 26 Sep 80 OW]

SHANGHAI INDUSTRY, TRANSPORT--In the third quarter of 1980, Shanghai overcame difficulties caused by high temperatures, excessive rains and raw material shortage and achieved good results in industrial production and transport. Its total industrial output value in the third quarter increased by 6.9 percent as compared with last year's corresponding period. In the third quarter, Shanghai harbor workers loaded and unloaded more goods while the mariners handled more freight. Efforts were made by various industries to increase the variety of their products. [Shanghai City Service in Mandarin 1130 GMT 6 Oct 80 OW]

BEIJING MACHINE-TOOL COMPETITION--Beijing, 26 Sep (XINHUA)--Some 150 of Beijing's young machine tool operators went into battle here today in the last round of a competition aimed at encouraging high technical skill. Sponsored by the trade union and the Communist Youth League of the Beijing Machine Building Bureau and open to machine tool operators under age 28, the competition includes lathe turning, milling, planing, drilling, grinding and benchwork. The competition is being held in two large workshops lined with rows of machines at the Beijing No 1 machine tool plant. The 3-day competition followed selective trials last month by some 210 enterprises under the machine building bureau. Most of the competitors came in first or second in the preliminaries. A third of the 120,000 workers in the factories and companies attached to the bureau are young workers. Similar technical competitions among young workers will be held by over 1,000 enterprises attached to the Beijing Bureau of Metallurgical Industry and some 20 other industrial bureaus in Beijing next month. [OW291341 Beijing XINHUA in English 1229 GMT 26 Sep 80 OW]

INDUSTRIAL NEWS--Beijing, October 3 (XINHUA)--The Shanghai No 1 Knitwear Mill, known abroad for its good quality knitted goods, has set up 21 satellite factories in the city's urban neighborhoods and suburban communes and brigades in the past year to augment the production of its 300 workers. It provides the factories with material and equipment and technical guidance. The communes and brigades and urban neighborhoods supply labor and put up the buildings. More than 98 per cent of the products of these factories are up to standard. In the January-August period, the mill exported more than one million pieces of knitted goods. It is estimated that the mill will double its turnover to the state this year. The Changchuan air compressor factory exported more than 800 small and miniature air compressors in the first nine months of this year. It is expected that the figure will exceed 1,000 by the end of the year, an increase of 2.5-fold, compared with the 1979 amount. The factory has concentrated engineering and technical personnel in the past two years on new products. Four types of efficient, low-noise compressors that consume less electricity have been manufactured and exported in large numbers. Of the 12 products turned out by the factory, ten are for export. [Text] [OW030806 Beijing XINHUA in English 0759 GMT 3 Oct 80]

SHANGHAI PETROCHEMICAL PLANT--The Shanghai Petrochemical Plant uses petroleum as raw material to turn out synthetic fiber and plastic materials. Since its completion in 1976, it has turned in 1.65 billion yuan to the state, equal to 98.8 percent of the amount of money which the state has invested in completing the first stage of the construction projects. During the past 3 years, the plant has turned out more than 220,000 dun of synthetic fiber. Its total production value in the past 3 years has reached 4 billion yuan. [Shanghai City Service in Mandarin 2300 GMT 26 Sep 80]

CHANGCHUN AUTOMOBILE COMPANY--Changchun, September 24 (XINHUA)--The Changchun No. 1 Motor Vehicle Plant has recently formed a joint management company with 38 factories in 21 provinces, municipalities and autonomous regions, which assemble motor vehicles using the chassis of the plant's "Liberation" truck. The new combine will produce such products as dump trucks, refrigerator trucks, fire engines, cranes, forklift trucks, sanitation sprinkler trucks, oil tankers, buses and trolley buses. The "Liberation" truck is one of the major motor vehicles produced in China. The combined output of these assembled vehicles turned out by the 38 plants this year make up 57 per cent of the vehicles using the chassis of the "Liberation" truck. This newly established company will solve problems in production, management and long-term development and produce a "Liberation" series of better quality motor vehicles. A joint management committee has been elected for the company and preliminary arrangement has been made to start business. [Text] [Beijing XINHUA in English 0238 GMT 24 Sep 80 OW]

HEILONGJIANG CEMENT TRANSFER STATION--A cement transfer station was constructed recently in Harbin Municipality, Heilongjiang Province. It is composed of four tube-shaped depositories with a total capacity of 4,000 tons and is expected to transfer 160,000 to 170,000 tons of cement per year. Upon its completion, it will save 4.7 million yuan cement transportation expenses annually. [SK260703 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Sep 80 SK]

CSO: 4006

CONSTRUCTION

BRIEFS

CAPITAL CONSTRUCTION INVESTMENT--Beijing, 21 Sep--China's 30 large and medium-sized capital construction projects are now financed by bank loans instead of government appropriations, and this new investment method has produced fairly good economic results. The 30 items include 20 projects for power industry and 10 projects for textile industry. The total bank loans amount to approximately 2.8 billion yuan. [Beijing XINHUA Domestic Service in Chinese 0237 GMT 21 Sep 80 OW]

HOUSE BUYING, CONSTRUCTION--Beijing, 26 Sep (XINHUA)--Two methods to solve the people's housing problem are allowing individuals to buy houses and encouraging the masses to raise funds to build houses collectively. Now work in this regard has begun in 20 provinces, municipalities and autonomous regions, including Shaanxi, Guangxi, Liaoning, Hebei, Beijing, Shanghai, Fujian, Guangdong, Jiangsu, Sichuan, Zhejiang, Gansu and Yunnan. To solicit individual house buyers, Xian Municipality of Shaanxi Province has made every effort to keep the per-square-meter construction cost within some 100 yuan and has allowed buyers to make payment by installments--the maximum payment period being 15 years and the interest rate ranging from 1 to 2 percent per annum. In Wuxi Municipality, Jiangsu Province, apartments with a total floor space of some 20,000 square meters will be constructed this year with funds raised by the masses. [Beijing XINHUA Domestic Service in Chinese 0124 GMT 26 Sep 80 OW]

NEI MONGGOL HOUSING CONSTRUCTION--Hohhot municipal people's government has earnestly handled the motions raised by the municipal congress deputies on hastening urban construction. By the end of August, of the 162,000 square meters of floor space planned to be built, 33,000 square meters have been completed. These residential buildings will be able to house some 3,000 families. The municipal people's government has also allotted funds to build water pipes. It is expected that by the end of 1980 about 75 percent of the households will have a piped water supply. So far this year the government organ has built 15 asphalt roads and 7 cement roads and repaired 5 rough, muddy roads, 140,000 square meters in all. [SK021115 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Sep 80 SK]

SHAANXI CONSTRUCTION PROJECTS CUTS--Conscientiously working to reduce capital construction, the Shaanxi provincial people's government recently decided, after completing a survey and study, to suspend or delay the construction of 36 large projects each with a budget of over 1 million yuan. Last July a capital construction inspection team was sent to various prefectures, municipalities and departments in the province to investigate in particular 90 large, locally built projects, each with a budget of over 1 million yuan. The recent decision to suspend or delay the construction of the first group of the 36 projects will cut a total of 110 million yuan in expenditures. For example, over 1 million yuan has been invested in the construction of the (Yudonghe) hydroelectric engineering project in Zhenba Municipality during the past 10 years, but only half the project has been completed. At the current pace it will take another 10 years to complete. Therefore, it has been decided to delay construction of the project. The Shaanxi provincial leading group for reviewing capital construction projects will inspect locally built capital construction projects in turn and take firm measures to scale down those that should be suspended or delayed so as to concentrate financial and material resources to complete projects that are urgent. [Text] [OW291111 Beijing Domestic Service in Mandarin 1200 GMT 28 Sep 80]

SHENYANG HOUSING CONSTRUCTION--By the end of August, Shenyang Municipality, Liaoning Province, had completed housing construction totaling 400,000 square meters in floor space. [SK250958 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 23 Sep 80 SK]

CSO: 4006

DOMESTIC TRADE

BRIEFS

SHANDONG URBAN-RURAL MARKETS--Urban and rural markets have been brisk throughout Shandong Province this year and many manufactured goods, which originally were rationed in limited amounts, have now been supplied openly and without limits. From January through August, the total commodity volume procured by the commercial, supply and marketing departments throughout the province increased by 13 percent; the total commodity marketing volume increased by 15 percent and the amount of commodities purchased from other provinces increased by 38 percent as compared with the same 1979 period. In addition, 102 trade centers were established throughout the province. Their purchasing and marketing volume has reached 16 million yuan this year. [SK200951 Jinan Shandong Provincial Service in Mandarin 2300 GMT 19 Sep 80]

LIAONING TRADE FAIRS--Serving as farm and sideline products trade centers, trade fairs in urban and rural areas throughout Liaoning Province have been increased to 816 by now. Between January and August, the volume of business at these fairs was 356.9 million yuan, 66.8 percent higher than in the same period of 1979. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 23 Sep 80]

SHANDONG COUNTRY FAIR TRADE--Country fair trade is booming in Shandong Province. The volume of business in the first 8 months of this year reached 1.34 billion yuan, which is equal to 75 percent of the total volume in 1979. Transactions of farm produce, including grain, cereal oil, pork, mutton, beef, eggs, aquatic products, vegetables and fruits, account for 8.5 percent of the total business volume of the same kind of products marketed by urban state commercial departments. By the end of August, the prices of rice, wheat, pork, cereal oil, eggs, cabbages and apples were reduced by 2.9 percent on average in comparison to the corresponding 1979 period. Prices of some of the commodities are lower than the prices on state markets. [SK021124 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 80]

NATIONAL MINORITY GOODS CONFERENCE--Changsha, 21 Sep--A national conference on production and supply of special goods for minority nationalities was recently held in Changsha Municipality, Hunan. Of the 50 major items which are specially needed by minority nationalities, the production plans for 36 items were either fulfilled or overfulfilled in the first half of 1980. Some 65 delegates of 19 nationalities were invited to attend the conference. In accordance with their opinions and demands, the conference has readjusted production plans, increased new varieties and decided to add 35 major items for minority nationalities. The conference, which was jointly called by the ministries of light industry, textile industry and commerce and the general supply-marketing cooperative, was held from 8 to 12 September. [Beijing XINHUA Domestic Service in Chinese 0202 GMT 21 Sep 80 OW]

FOREIGN TRADE

BRIEFS

RARE-EARTH COMPANY EXPANSION--Baotou, 18 Sep--The China Rare-Earth Company located in Baotou is expanding its trade relations with foreign countries in order to export more of its products. Exports in the January-August period increased 3 percent compared with the total exports registered last year. The company has established trade relations and signed export contracts with some 20 countries including Japan, the United States, Britain, France, West Germany, Italy and others since the beginning of 1980. [Beijing XINHUA Domestic Service in Chinese 0151 GMT 18 Sep 80 OW]

QINGHAI EXPORT GOODS PROCUREMENT--Xining, 28 Sep (XINHUA)--Qinghai Province overfulfilled this year's state procurement quota of goods for export by 4.4 percent at a date 4 months ahead of schedule. The total worth of the goods procured was 74.27 percent more than the same period of last year. This year the Qinghai provincial cereal, oil and food import and export branch company has devoted great efforts to the export of live cattle. By the end of August, the company had exported 2,951 head of live cattle to Hong Kong. This item alone added some 1.12 million yuan to the income of communes, production brigades and masses. [Beijing XINHUA Domestic Service in Chinese 0143 GMT 28 Sep 80 OW]

CSO: 4006

LABOR AND WAGES

SHANDONG ALLOCATES FUNDS TO IMPROVE LIVING STANDARDS

SK021230 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Oct 80

[Summary] Shandong Province has increased funds to improve the people's standard of living. In 1979, funds used to increase the income of peasants, staff and workers increased by 700 million yuan over the 1978 figure. In the first 8 months of 1980, an additional 520 million yuan was allocated for this purpose. Since the beginning of 1979, our province has raised the purchasing prices of some farm and sideline produce and has decided to set higher prices for the grain, cotton and oil-bearing seeds purchased above the quotas. For this purpose alone, a subsidy of 600 million yuan was funded last year. Each peasant received an average subsidy of 9.15 yuan. About 80,000 provincial production teams whose average food grain distributions are less than 365 jin and whose income is below 40 yuan are exempted from agricultural taxes. The average income accruing to each peasant in 1979 was 81.5 yuan, an increase of 11.1 yuan over that in 1978.

Since 1979 our province has promoted 40 percent of the staff and workers and has properly readjusted their wages. Funds to subsidize primary and middle school teachers and medical personnel in 1979 totaled 190 million yuan more than in the previous year. In the first 8 months of 1980, an additional 150 million yuan was allocated for this purpose. Funds allocated for capital construction in the province in 1979, including urban construction, residential buildings, schools, hospitals and theaters, increased by more than 77 percent over the 1978 figure. New residential buildings with a total floor space of 3.64 million square meters were built. The number of college students and secondary vocational school students increased by 39,000; hospital beds, by 5,000; and medical personnel, by 14,000.

CSO: 4006

LABOR AND WAGES

JILIN CONVENES EMPLOYMENT WORK CONFERENCE

SK041000 Changchun Jilin Provincial Service in Mandarin 2200 GMT 2 Oct 80

[Excerpts] According to JILIN RIBAO, the Jilin Provincial CCP Committee and people's government recently held a provincial work conference on labor employment. At the conference, participants heard all useful ideas, held an extensive discussion and made many suggestions on doing a good job in conducting the urban labor employment work in accordance with the spirit of the directives of the CCP Central Committee and the State Council and in line with the actual situation in the province.

The following suggestions were adopted at the conference:

1. It is necessary to vigorously develop various collective enterprises, which should assume sole responsibility for their profits or losses.
2. It is necessary to enthusiastically support youths awaiting work to run cooperative enterprises by grouping together voluntarily to raise funds. These cooperative enterprises should be placed on an equal footing with other enterprises. No department, unit or individual is allowed to find any excuse to encroach on the interests of these cooperative enterprises.
3. Continuous efforts should be made to develop collective enterprises run by the government organs in charge of the economy, urban districts and neighborhood and labor service companies. In principle, the collective enterprises should be managed by those who operate them. This does not change their subordinate relation. Departments in charge of the economy should give professional guidance and support to them.
4. Hereafter, in the fields of labor planning, labor management, wages welfare and labor protection, all enterprises of collective ownership should be treated equally. As long as they are operated independently, conduct business accounting independently, assume sole responsibility for their profits or losses and have a business license, all collective enterprises deserve equal treatment in these fields. The wage and welfare scale of collective enterprises should be set through democratic

consultations, according to their earned profits and public revenue and in line with the principle of "to each according to his work." The scale may be lower or higher than that of state enterprises. It also may be equivalent to that of state-run enterprises.

5. It is necessary to actively develop collectively owned plants and production teams, agricultural sideline production bases and agriculture-industry-commerce joint enterprises which recruit their workers mainly among educated youths.

6. It is necessary to encourage educated youth to go to the countryside and the frontiers. A technical and managerial training should be provided for them in advance. A contract system may be applied in their job arrangement. The status of their family register and rations should remain unchanged.

7. Various localities and departments should support and assist the development of the urban individual economy. Under no condition should we allow anyone to cause difficulties and to discriminate against individual businesses.

8. The provincial people's government should enact concrete regulations on youth labor employment, such as in the fields of household register, rations, tax revenue, funds and loans. These regulations should be enacted immediately.

In addition to these suggestions, the conference held an enthusiastic discussion on ways to solve problems of settling educated youth in the countryside, developing labor-intensive enterprises, improving the system of worker recruitment and working hours, adopting measures for conducting education among staff members and workers, opening more avenues for workers' study to train more exports for the program to achieve the four modernizations, vigorously developing labor service companies, managing and appropriating expenditures for placing jobless youths and strengthening the party's leadership over the work of labor employment.

CSO: 4006

LABOR AND WAGES

'JILIN RIBAO' ARTICLE VIEWS EMPLOYMENT ISSUE

SK040714 Changchun Jilin Provincial Service in Mandarin 2200 GMT 2 Oct 80

[3 October JILIN RIBAO commentator's article: "Heighten Understanding and Open All Avenues to Employment"]

[Excerpt] The employment issue is a major task of the whole party and the whole people. Last year party committees and governments at all levels in our province worked to emancipate minds, readjust policies, open all avenues for production, vigorously develop the urban and rural collective economies and find jobs for over 400,000 persons. In 1980 little progress has been made in this work. By the end of August, only 100,000 persons had been hired, significantly below the annual target.

The main reason for this is that some leading comrades have become depressed and discouraged. Some believe too many people are unemployed and that few jobs are available. They believe existing enterprises and establishments are fully staffed and can do no additional hiring.

This is not true. Our province has many favorable conditions in both the urban and rural areas. In rural areas, uninhabited mountainous areas, grasslands and forests can be utilized. In urban areas, many production and service units cannot hire enough workers. The catering and service trades and the handicraft, construction and building materials industries have many job openings.

The key is for the leading comrades to overcome their discouragement, rely on the masses and enhance their confidence. Only by so doing can ways be found to solve the unemployment problem. With readjustments and reforms of the economic system and the labor system, there will be more job opportunities in the future.

CSO: 4006

LABOR AND WAGES

BRIEFS

ANHUI EMPLOYMENT CONFERENCE--The Anhui Provincial CCP Committee held a provincial conference on labor employment 22-27 September. The conference pointed out that in the past 3 years and more the province provided jobs for 514,000 people. Since last year more than 390,000 youths in urban areas were provided with jobs. As a result, 80 percent of the urban youths who had remained jobless prior to 1979 now have jobs. Gu Zhuoxin, secretary of the provincial CCP committee, addressed the conference. Vice Governor Guo Tixiang relayed the guidelines of the national conference on labor employment. The conference was presided over by (Yuan Zhen), member of the provincial CCP committee's Standing committee. [OW051131 Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Oct 80 OW]

HEILONGJIANG UNEMPLOYED YOUTHS--Tieli Forestry Bureau, Heilongjiang Province, has established many collectively owned plants to place youths awaiting work and to develop forestry resources. Since 1977 this bureau has offered jobs to some 9,200 youths. In 1979 the output value of these plants run by the educated youths accounted for one-third of the bureau's total output value. [SK021107 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Sep 80 SK]

SHANDONG EMPLOYMENT CONFERENCE--According to our sources, the Shandong provincial party committee and the provincial people's government recently held a work conference on labor employment in Jinan Municipality. The conference relayed the guidelines of the national labor employment work conference sponsored by the party Central Committee, exchanged experiences on assigning jobs for the unemployed in urban and rural areas and discussed measures in this regard. After summing up our achievements and analyzing our problems in employment work, the conference noted: To solve the unemployment problem, it is necessary to emancipate minds, ease policy restrictions, reform the present economic, labor and education systems, open all avenues for production, employment and study, and break with the old convention that all labor forces in urban and rural areas are arranged by the state. In accordance with the unified state plan and in accordance with the leadership's and the party Central Committee's principles for employment, it is necessary to encourage and

help the unemployed to run individually owned business or to find jobs by themselves. [Excerpt] [SK050520 Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Oct 80]

ZHEJIANG TRADE UNION CONFERENCE--The Zhejiang Provincial Trade Union Council held a provincial conference on trade union work from 15 to 22 September. Those in attendance maintained that trade unions, while educating the workers to assist their enterprises to carry out reforms, must also oppose bureaucracy. They said that some enterprises and undertakings have infringed upon the workers' democratic rights and material benefits, and that some enterprises have only stressed fulfillment of production quotas but paid no attention to workers' safety and health. It said that trade unions must struggle against bureaucracy and bravely play a supervisory role. The meeting also maintained that trade unions must also be work organizations of workers' congresses to defend workers' democratic rights and material benefits. Li Fengping, secretary of the provincial party committee, addressed the meeting. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 25 Sep 80 OW]

WORKERS' SANATORIUMS, REST HOMES--Beijing, September 23 (XINHUA)--China's trade unions now have a total of 126 workers' sanatoriums and rest homes with 27,000 beds. More than 100,000 workers have gone to them in the past year and more, Sun Changlin, deputy director of the labor insurance department under the All-China Federation of Trade Unions, said here today. Sanatoriums and rest homes run by large and medium-sized enterprises themselves are not included and make up a much larger number. During the ten chaotic years 1966-1976, workers' sanatoriums and rest homes were closed, because the gang of four called them hotbeds of revisionism. They reopened after the fall of the gang. More than half of the sanatoriums are for the treatment of arthritis, chronic digestive and respiratory diseases and other chronic disorders. There are also sanatoriums for specific occupational diseases and hepatitis. Most open all the year round. Occupational patients, and chronic patients and workers with eight years of employment receive free medical care and get full pay and a subsidy from the state for the enriched food and their fare. Most of sanatoriums are located in scenic resorts with a good climate, including West Lake in Hangzhou, Taihu Lake in Jiangsu, and Beidaihe in Hebei Province. Sanatoriums organize visits to places of historical interest and cultural troupes put on performances and film shows. [Text] [OW230734 Beijing XINHUA in English 0724 GMT 23 Sep 80]

CSO: 4006

TRANSPORTATION

INTERVIEW WITH VICE MINISTER OF TRANSPORTATION

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese 11 Jun 80 pp 2-3

[Article: "How To Modernize Our Country's Communications and Transportation; Our Reporter Interviews China's Ministry of Communications First Vice Minister, Peng Deqing [1756 1795 3237]"]

[Text] The first vice minister of China's Ministry of Communications said recently that we are in the process of taking steps for the more rapid development of highway, water, and long-distance ocean transportation in order to build a communications and transportation system commensurate with the growth in industrial and agricultural production.

The decade of the 1980's is a key 10 years in the growth of China's national economy. The vice minister disclosed that China's Ministry of Communications wants to move ahead from 3 years of readjustment in an effort to strengthen three systems that are at the center of transportation--namely, the ocean transport system, the highway system, and the inland waterways system--to give them a complete, dovetailed, and coherent transportation capacity so as to be able to meet the basic requirements for the growth of the national economy.

Vice Minister Peng Deqing made these remarks in the course of a special interview by this publication's reporters about how China can modernize its communications and transportation.

Accelerated Harbor Construction Is an Urgent Current Task

He said that at the present time, communications and transportation are still the weak links in the national economy. The capacity of our harbors, the condition of navigation channels, the quantity and quality of our highways, and the numbers and types of our vehicles and ships are still incapable of meeting the requirements of a modernized national economy. As our national economy grows, the amount of goods transported in foreign trade is bound to increase greatly; therefore, accelerated harbor construction has already become an urgent current task.

At the present time, China's principal harbors are at Dalian, Yingkou, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Shanghai, Ningbo (including Zhenhai), Shantou, Huangpu, Zhanjiang, Haikou, Basuo, Sanya, Fuzhou, and Xiamen, where there are more than 300 anchorages, of which 133 are deepwater anchorages. When these are added to the piers used by cargo owners, total cargo-handling capacity has increased from somewhat over 8 million tons right after the founding of the People's Republic to more than 200 million tons. The vice minister disclosed that as foreign trade develops, the cargo-handling capacity of coastal ports will more than double by 1990, and new construction of deepwater anchorages will also have more than doubled.

During this period, the emphasis in harbor construction will be on:

1. Construction and operation of the more than 60 10,000-ton anchorages presently being constructed;
2. Technical improvements to the 10,000-ton anchorages at the petroleum piers at Dalian, the salt piers at Tianjin and Lianyungang, and the Qingdao and Shanghai coal piers;
3. Acceleration of construction at the five big harbors of Qinhuangdao, Tianjin, Lianyungang, Shanghai, and Huangpu; and development of new harbor areas at Yingkou and Shijiusuo. Construction should be particularly accelerated on the container piers at Shanghai, Tianjin, and Huangpu harbors, and at the coal piers at Qinhuangdao and Shijiusuo.

The dryland construction project that is part of the two-stage engineering to be done at the coal pier at Qinhuangdao, which is located on the western shore of Bohai Bay in eastern Hebei Province, is already underway. This engineering project will have two 50,000-ton anchorages which will be completed in 1985. This is a major port chiefly for the export of crude oil and coal from the coast of north China. Once the project has been completed, it will have an annual loading and unloading capacity of 20 million tons of coal. In order to meet the current urgent needs in the export of coal, the No 8 pier in this harbor is now undergoing technical improvements. Once completed, this pier's coal-handling capacity will be increased many times over.

Preparatory work for construction of the Shijiusuo harbor in Shandong Province is being pushed, and it is estimated that construction there will begin in 1981. Shijiusuo is located between Lianyungang and Qingdao on the Yellow Sea, where the water is deep, the coastline is stable, and geological conditions are good. The 10,000-ton coal pier and the 10,000-ton ore anchorage to be built there are for meeting the needs of Shandong and Shanxi in the export of their coal, and for importing iron ore. The construction project for the Beilunshan 100,000-ton ore pier and coal pier anchorage to serve Baogang will be completed on time.

Continue To Build Up Vehicular and Ship Transportation Capacity

He said that it is necessary to continue to build up vehicular and ship transportation capacity. At the present time, our country's merchant fleet is of a fixed size. The more than 40 million tons of freight it hauled last year accounted for more than 70 percent of the freight volume hauled from our shores in sailings to 416 ports in 100 countries and regions. However, this did not meet the constant increase in foreign trade. Not only are the numbers of our ships insufficient, but the different kinds of ships do not meet requirements. He said that we must build a large merchant fleet, and our goal should be a 100-percent increase both in the number of ships and their tonnage after a certain number of years. Additional ships are also needed on the Yangtze River main artery, and an increase is also needed in both passenger and cargo vehicles. In the attainment of these objectives, the principal method must be reliance on domestic shipbuilding and vehicle manufacture, but this does not rule out the purchase from abroad of ships suitable for use in our country.

We must also actively extend the use of advanced methods of transportation, such as international containerized shipments, batch shipments, and loose shipments. Several years from now, we will construct nine anchorages in excess of 10,000 tons at containerized piers in Tianjin, Shanghai, and Huangpu. Qingdao and Dalian harbors are preparing to renovate piers for containerization. Shanghai presently has one container anchorage, and once rebuilding is completed in 1982, its handling capacity will have increased more than threefold over the present. By 1985, Tianjin harbor will have three anchorages after rebuilding and new construction. By 1985, our country's containerized-cargo piers will have a handling capacity 10 times greater than at present.

In addition to the construction of new anchorages and the refurbishment of old anchorages for containerized cargo, one of the most important things we must do is to find ways to tap unused potential in order to further increase our shipping capacity.

He said that containerization is also growing. The results have been good from China's containerized shipments to Australia. Now experiments are underway with containerized shipments at Shanghai, Tianjin, Qingdao, and Huangpu harbors. There are now containerized cargo lines to the United States and Canada, to the Persian Gulf, the Mediterranean, northwestern Europe, and Hong Kong. In the future we shall be adding specialized ships for containerized shipments, improving integrated facilities for containerized shipments, and expanding the containerized cargo shipping routes, gradually forming a containerized shipment system that is quite complete.

Peng Deqing also said that we are currently thinking of ways of using various means to solve the problem of funds for the construction of harbors and ship fleets.

In discussing the buildup in inland water transportation, the vice minister pointed out that in order to meet the requirements for opening ports to foreign trade, technical improvements are being made to the harbors at Chongqing, Wuhan, Jiujiang, Wuhu, and Nanjing, with major construction underway at Nanjing harbor. At Zhenjiang and Nantonggang, deepwater anchorages have been newly constructed to create conditions for oceangoing vessels to tie up and load and unload cargoes. Following the removal of shoals that are blocking navigation in shipping lanes and improvements in the navigability at the mouth of the Yangtze River, 10,000-ton seagoing ships will be able to reach Nanjing all year round, and 1,000-ton barges will be able to go all the way to Chongqing.

Increased construction is needed on the Beijing-Hangzhou Canal, the Huai River, and the Xijiang to meet the needs of transporting coal from Xuzhou, Yanzhou, and north and south of the Huai River to Shanghai, Ningbo, Hangzhou, and various places along the coast, and for the shipment of Guizhou coal and Yunnan phosphate rock to Guangdong and Guangxi.

The vice minister also spoke of efforts to improve the backward state of our country's highways. He disclosed that as of the end of last year, there were 890,000 kilometers of highways nationwide, and there were only two counties in the entire country not traversed by highways. More than 90 percent of all communes in the country were served by motor vehicles. Within 10 years there should be capital construction of a 100,000-kilometer national arterial highway network in which first- and second-class highways will form the backbone. This [network] will connect the capital at Beijing with the capital of every province, municipality, and autonomous region, with large cities having a population of more than 300,000 people, with major industrial bases, and with major harbors in coastal areas. Additionally, along major stretches of some highways, high-speed highways or first-class highways will be constructed. Such stretches might include the ones from Guangzhou to Shenchuan, or from Beijing to Tianjin and Tanggu, or from Nanjing to Hangzhou.

The Present Situation in Communications and Transportation, and Means of Modernization

The vice minister spoke to the correspondents with satisfaction about the continuing development and the excellent situation on the communications battlefield during the past 2 years. He said that in 1978, the volume of goods shipped by local motor vehicles and motorized barges amounted to more than 790 million tons, which was more than a 12-percent increase over 1977. In 1979, the quantity of cargo hauled was more than 809 million tons, a 1.5-percent increase over 1978. The amount of cargo handled in ports during 1978 amounted to more than 280 million tons, an increase of 26.5 percent over 1977. In 1979, the amount of port cargo handled amounted to more than 298 million tons, a 2.7-percent increase over 1978, for the highest level ever recorded. Of the total, Shanghai port during 1978 handled 79.55 million tons; during 1979 it handled 83.5 million tons, for an increase of

5 percent. Tianjin port handled 11.31 million tons in 1978 and 12.7 million tons in 1979, for a 12.3 percent increase. The port at Qinhuangdao handled 22.19 million tons in 1978 and 24.08 million tons in 1979, for an 8.5-percent increase. Huangpu port handled 10.5 million tons in 1978 and 12.11 tons in 1979, a 15.3-percent increase. Dalian port handled 28.64 million tons in 1978 and 31.48 million tons in 1979, a 9.9-percent increase. In 1979, newly built and enlarged ports and newly added handling capacity accounted for more than 9.4 million tons.

During the past 2 years, Chinese communications departments have also striven to develop exports and imports. The Chinese Oceangoing Shipping Company not only completed its shipping tasks in foreign trade, but also started a charter business in ships, organizing joint companies with foreign shipping circles to engage in exporting. Water transportation industries also produced freighters, tugs, and barges for export, and undertook repairs of foreign ships and the processing of materials from abroad. Last year the "China Highways and Bridges Engineering Company" was set up to undertake overseas engineering projects. It made very gratifying accomplishments. Peng Deqing said that these accomplishments fully demonstrated the complete correctness of the program for readjustment of the national economy decided upon by the CCP Central Committee and the State Council. However, as a result of the 10 years of havoc played by Lin Biao and the "gang of four," which had extremely serious consequences for Chinese communications and transportation, there is no use supposing that all of the problems in the communications battleline can be solved within 1 or 2 years. It must be pointed out, moreover, that only if there is continued adherence to the readjustment program decided upon by the Central Committee will a good foundation be laid for the modernization of communications and transportation.

Vice Minister Peng Deqing also spoke about the issue of the modernization of Chinese-style communications and transportation. He pointed out that the modernization of communications and transportation requires, first of all, that transportation capacity achieve the levels suited to modernization. Second, in the modernization of communications and transportation, there has to be a definite level of transportation conditions and transportation techniques. Our transportation techniques are very backward, in comparison with those of industrially advanced countries. Technical improvements must be made in order to gradually build up the level. Land, air, and underground transportation has to be interrelated in a network that extends in all directions. Advanced technical equipment and a pervasive institution of advanced transportation methods must be incorporated into a transportation system that satisfies the needs of the socialist four modernizations. Third, there must be a level of management and various kinds of complementary facilities that are commensurate with transportation capabilities and steady improvement in transportation conditions and transportation techniques in order to build a truly integrated transportation capability. In short, communications and transportation must continually develop in the task of completing the four modernizations in order to complete its own modernized construction.

In conclusion, he said that while undertaking the modernization of communications and transportation, the state would have to introduce some advanced technical equipment from abroad; however, the spirit of self-reliance and of building an enterprise through arduous effort was most important, with reliance on the masses to tap potential in a big way, to make innovations, and to improve and expand transportation capabilities and gradually raise the level of modernization.

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CSO: 4006

TRANSPORTATION

FOUR CITIES TO GET DIRECT AIR SERVICE TO HONG KONG

Beijing RENMIN RIBAO in Chinese 14 Jun 80 p 1

[Article by Yu Quanfu (0358 3123 4395): "Shanghai, Tianjin, Hangzhou, and Guangzhou Open Air Routes to Hong Kong"]

[Text] China Airlines plans to formally open regularly scheduled air service to Hong Kong from Shanghai, Tianjin, Hangzhou, and Guangzhou.

Nonstop scheduled flights from Shanghai to Hong Kong are due to begin formally on 21 June. This route, which is 1,354 kilometers long, will be flown by China Airlines using Trident passenger aircraft, and by Hong Kong Cathay Pacific Airways using Boeing 707 passenger aircraft. China Airlines will fly six return flights weekly, and Cathay Pacific Airways will fly two. The oneway flight time is 2 hours.

The routes from Tianjin to Hong Kong, Hangzhou to Hong Kong, and Guangzhou to Hong Kong will be open in July.

9432

CSO: 4006

TRANSPORTATION

MISMANAGEMENT OF HIGHWAY FUNDS MUST BE STOPPED

Beijing GONGLU [HIGHWAYS] in Chinese No 1, 25 Jan 80 pp 34-37

[Report by Highway Maintenance Group, Highway Bureau, Ministry of Communications: "The Status of the National Work Symposium on the Use and Management of Highway Maintenance Funds"]

[Text] In order to strengthen the work on the use and management of highway maintenance funds and to give full scope to the effect of this allocation of capital, the Ministry of Communications convened a national work symposium on the use and management of highway maintenance funds. [The symposium was held] in Luda Municipality, Liaoning Province, from 9 to 15 September 1979. Attending the symposium were leaders and comrades in charge of financial affairs and planning work from the highway departments of various provinces, municipalities, and autonomous regions, and delegates from scientific research and design units and schools of higher learning directly under the Ministry of Communications, and also from the Ministry of Finance--114 persons altogether. The Highway Bureau and the Financial Affairs Bureau of the Ministry of Communications jointly sponsored this symposium. At the symposium responsible person Liu Yugeng [0491 3768 2577] of the Highway Bureau conveyed the spirit of the directive of the party group at the Ministry of Communications on how to hold a good symposium at this time, and this gave the delegates great inspiration. They all considered that, in the midst of the feverish tide engendered in the country by the earnest implementation of the eight-character policy of readjusting the national economy and the development of the campaign to increase production and practice economy, it was very important and timely for the Ministry of Communications to convene this symposium especially [to consider how] to do a good job of collecting, managing, and using highway maintenance funds. This is an important measure in carrying out the policy of tapping potential resources and in renovating and transforming the highway and communications front. Once this is grasped well, it is bound to further promote the development of highway undertakings.

Around its central theme, the symposium broadly exchanged information and experiences, studied the major problems that exist, discussed the

"Regulation Concerning the Collection and Use of Highway Maintenance Funds" jointly promulgated by the State Planning Commission, the Ministry of Communications, the Ministry of Finance, and the People's Bank of China, unified pertinent thinking, and proposed a series of ideas and specific measures for improvement. In addition, it brought about an exchange of opinions on questions such as the development of highway maintenance mechanization and the acceleration of highway technology transformation. After the symposium, delegates went to advanced units in highway maintenance, such as the highway maintenance sector of Zhuanghe County and the Jinshandao crew of Xinjin County in Liaoning Province, to visit and study.

The symposium pointed out: Following the principle of "maintaining highways with revenues from the highways" by collecting highway maintenance fees from various vehicles and using them to maintain the highways and improve and upgrade technical conditions on the highways, this was an important economic policy that was set forth by the party and the state in the early days following liberation. The practice of the past 30 years proves that this policy has been correct, and it has played a great role in promoting the development of the highway projects. At present, the state puts out very little investment for highway construction each year; the amount can only be used to fund certain national defense and border defense highway construction projects. As for the improving and upgrading existing highways, such as additional paving of roadways, rebuilding wooden bridges and dangerous bridges, changing fords to bridges, upgrading highways, and subsidizing local administrations to build county and commune highways, etc., these all depend on highway maintenance funds for their expenditures and the contribution of civilian construction labor for their completion. When our state was first founded, only 75,000 kilometers of highways in the country were barely passable for vehicles; more than one-third of the country's counties were not reached by highways. But by the end of 1978, the country's highway mileage open to traffic already amounted to more than 890,000 kilometers--an increase of 11 times the figure in the early days following liberation. Of this figure, paved highways increased 20-fold over those in the early days after liberation, and blacktop highways increased by 450 times over those in the early days following liberation. There are now more than 3 million meters of permanent highway bridges, the overwhelming majority of which have been built with highway maintenance funds. Today, more than 90 percent of the total number of people's communes in all but two counties throughout the country have highways leading to other counties. Such great accomplishments in highway undertakings fully illustrate the function of highway maintenance funds. They also demonstrate how very important it is to do a good job of collecting, managing, and using this allocation of capital.

Allocating to reflections in various localities, not a few serious problems really exist in the collection, management, and use of highway maintenance funds today. Most salient is the fact that the extent of use to

which highway maintenance funds are applied is not strictly controlled, and random allocations of highway maintenance funds [for other purposes] continue to be a seriously devious practice. According to incomplete statistics, during each of the several recent years such diverted highway maintenance funds amounted to 40-50 million yuan. Some of these funds were used to build new local railroads, harbors, and bus terminals, some to purchase trucks for truck transport companies or for industries not related to highway maintenance, and some to construct office buildings for communication bureaus. Still other funds were laterally transferred to other units, in the name of supporting agriculture or assisting light industry. In a word, such random allocations were made in all sorts of forms and with all sorts of excuses, in total disregard of state regulations. With respect to the collection of highway maintenance funds, on the one hand there were cases of units which failed to make payments for vehicles according to regulations, which randomly owed such payments, which made smaller payments than required, and which omitted some payments; on the other hand there were also cases of collecting units being lax in their control, or even of ignoring the regulations and procedures of examination and approval by making decisions at random on collecting less or refraining from collecting, thus leading to many uncalled-for losses. Improper measures have also been adopted in the handling of disbursement of the highway maintenance funds. For example, some localities have excessively increased their investment for rebuilding projects and thus squeezed a part of the funds intended for regular maintenance and for emergency flood-damage repair work; this has caused highway conditions to deteriorate and affected traffic flow. Some localities have paid insufficient attention to "overall maintenance" and hence failed to provide subsidies where subsidies were needed with respect to certain county and commune roads; this has caused laxity in maintenance. Some provinces, on the other hand, have chosen to charge to highway maintenance funds all or large parts of subsidies for the construction of new county and commune roads which should have been disbursed by investment in capital construction and agricultural surtaxes. Apart from these instances, problems in planning and in financial practices--such as loose control, lack of strict economic accounting, extravagance and waste, and "eating from the common pot"--have remained unsolved for a long time, and the resultant losses have likewise been shocking. Problems of this sort in the use and management of highway maintenance funds, of course, have stemmed mainly from the interference and sabotage of Lin Biao and the "gang of four" during the past 10 years and more, from the severely pernicious influence of anarchism, and from the ignoring of existing regulations and self-centered operations, but they also have had to do with the fact that the departments in charge have failed to grasp their work closely, have not made a penetrating investigation and study, and have failed to propose practical and feasible solutions in a timely manner. With respect to this situation, we must adopt resolute measures to effect changes quickly.

The symposium pointed out: Although there has been a great change in the prospect for our highways over the past 30 years, they remain still rather backward and far from suited, comparatively speaking, to the needs of the development of various undertakings in our economy, national defense, and culture. In terms of quantity, the density of our highways is only one-fifth that of India; in particular, the standard and quality of these highways are low. At present, there are still more than 300,000 kilometers of highways in the country which cannot remain open to traffic under all weather conditions; the mileage of blacktop roads makes up only 16 percent of the total mileage, there are still more than 110,000 meters of dangerous bridges urgently awaiting rebuilding, and more than 700 fords are in need of being bridged. Especially on highways on the outskirts of large and medium-size cities, the situation of crowding and mutually blocking vehicles has become increasingly serious. Therefore, we must follow the call made by Premier Hua Guofeng in his Report on the Work of the Government to the Second Session of the Fifth National People's Congress by "endeavoring to rebuild existing highways while actively building new highways." In view of the fact that, over the years, the amount of investment the state has put into highway construction has been very limited, the need for capital to rebuild existing highways must still be solved by our reliance on highway maintenance funds. But the revenue from highway maintenance funds is also limited, and therefore we must carefully carry out the principles of readjustment, restructuring, consolidation, and improvement; insist on the policy of maintaining the highways with revenue from the highways, using specially allocated funds only for specially designated work, plus civilian contribution of labor for construction and public assistance to civilian-initiated projects; develop campaigns to increase production and practice economy in a deepening way; do a good job of collecting, managing, and using our highway maintenance funds; broaden the sources of income and economize on expenditures; carry out overall planning and allround considerations; and make rational arrangements so as to give scope to our limited capital for greater effect. For this reason, we must strive to achieve the following items of work:

(1) Strengthen our fund-collecting work and collect every levy due, without omission.

We must gradually eliminate the approach of setting up booths everywhere to stop vehicles and collect levies, and generally put into effect the method of entrusting the collecting to banks. This way, not only can procedures be simplified and omissions be reduced, but convenience can be extended to units with vehicles, and transportation efficiency can be raised. Along with the change in our fund-collecting approach, it is still better to let the highway departments directly handle the collecting work. Supervisory departments must take the initiative to coordinate with them by providing in a timely manner the necessary information on vehicle charges and by helping them to check for missed collections.

Because of the change in the extent of taxation caused by the new system of collection, many units with vehicles will be involved. Therefore, we must do a good job of propaganda, select experimental points before the end of the year, and make various preparations, so as to carry it out next year. Meanwhile, we must educate the fund-collecting personnel, strengthen their sense of responsibility at work, resolutely prevent the pocketing of public funds and the playing of tricks, and close off loopholes of various kinds.

(2) Insist on the principle of "maintaining the highways with revenue from the highways and using specially allocated funds for specially designated work."

We must strictly control the extent of use [of such funds] and resolutely prevent devious allocations, random use, and all practices of extravagance. From now on, all expenses that should not be disbursed by highway maintenance funds are not to be paid therefrom. Those who take advantage of their position and power, resort to such random allocations, and hence exceed the proper extent of use are to be punished as a violation of financial and economic discipline according to the regulations prescribed in the "Directive Concerning the Strengthening of Highway Maintenance and Management Work" issued by the Central Committee of the Chinese Communist Party and the State Council in 1962.

Concerning the question of providing subsidies for the construction of county and commune roads, the symposium held that, according to directives set forth by the State Council, the construction of new county and commune roads should adopt the method of civilian contribution of labor to the construction and public assistance to civilian-initiated projects. The source of the public assistance portion should mainly be funds from agricultural surtaxes, but efforts should also be made to gain investments from financial and concerned departments at various levels. Henceforth we should continue to insist on these directives. In the case of places facing real difficulties, we may, on the basis of need and feasibility, provide part of the necessary subsidies from highway maintenance funds, but projects to be subsidized must be specifically listed, and the ratio of such subsidies in relation to the total disbursement of highway maintenance funds must also be subject to control in order to guarantee that maintenance and improvement work on existing highways is not affected.

(3) Reform the existing system and make rational arrangements.

In the past, special organs devoted to highway maintenance were sent down from one level to another and hence were overdispersed; readjustment and reform are in order. Most delegates were of the opinion that the highway management system should still insist on the principle of unified leadership and delegated management. But some delegates also thought that it would be better to have the highway management system unified under the

province. In view of the fact that conditions remain quite different in the various regions, a rigid directive was not issued for the time being. But authority over the manpower, financial, and material resources of these special organs devoted to highways should be grasped by the province, so as to make preparations for transition toward specialized management.

We must strengthen our planning management and rationally arrange our investment ratio. The symposium was of the opinion that highway maintenance work should resolutely carry out the policy of "overall maintenance, strengthening of management, uniform planning, and active improvement." In arranging investments, we should follow the principle of "guaranteeing the key points and taking care of the general situation" by paying attention first to the trunklines and then to the branchlines--first getting the goods through the busy lines and then handling those on the ordinary lines. On the premise of first meeting the disbursement needs of minor repairs and maintenance, large and medium repairs, and emergency flood-damage repairs, and other necessary disbursement needs, we must actively arrange certain rebuilding projects, raise the technical condition of the highways, and guarantee the continued improvement of highway conditions in a planned way. But rebuilding projects must be planned comprehensively; survey, design, and construction budgets must be prepared well; and the projects must then be carried out one after another according to such plans and budgets. At present, we should take truck highways leading into and out of large and medium-size cities as the key points of our rebuilding operations; at the same time, we must endeavor to reduce all engineering costs involved. Delegates were consistently of the opinion that the proportion of expenses for highway maintenance work should be about 80 percent of the total disbursement of highway maintenance funds. Along with the increase in the amount of traffic, the allocation of highway maintenance funds for medium and minor repairs per annum per kilometer should also be increased correspondingly, so as to insure that highway conditions do not deteriorate. Funds for emergency flood-damage repair should be set aside in advance, according to the average level of various localities over the years. We must protect the solemnity of the maintenance plans and not resort to random changes of plans already approved or handle unplanned projects at random.

We must faithfully carry out the principle of "more work, more reward." Some districts have restored the method of "a few fixes, a few guarantees, and one award" which had been practiced with good results in the early 1960's and proceeded to give awards to highway construction/maintenance teams with overfulfillment records; this is correct. Various districts should follow the state's relevant directives, adopt the characteristics of the highway maintenance departments, and grant such overfulfillment awards and savings awards on an experimental basis. The symposium held that, in setting the conditions for such awards, highway maintenance departments must give quality prime importance and then

examine other targets according to the overall situation. The source of such award funds at present consists mainly of a tithe drawn according to the total sum of wages, but this can be raised experimentally by encouraging the practice of economy and setting aside a portion of the resultant savings. When award funds are distributed, we should prevent the tendency toward egalitarianism, and we should even more carefully avoid turning them into additional wages.

(4) Strengthen economic accounting and unify the country's highway maintenance accounting system.

The symposium earnestly discussed "An Accounting System for Highway Maintenance Units" (discussion draft). After the discussion, all those attending agreed that highway maintenance business units must carry out economic accounting according to the principle of managing the economy by economic means and must put a premium on economic results.

In order to do a good job of implementing the new accounting system, various localities must complete the relevant preparatory work before the end of this year. In the main, they must do a good job of making clear their assets and auditing their investments, find out what they have, and approve an amount of liquid capital. They must ascertain and approve their fixed asset depreciation rate and formulate ways of using and managing their depreciation funds in order to achieve planned revenues and planned disbursements and special allocations for special uses. They must establish and strengthen basic accounting and auditing tasks, such as original entries and statistics; strengthen the financial and accounting organs in highway maintenance units and internal auditing units at the various levels; augment their financial and accounting personnel; and seriously carry out the State Council's "Regulations Governing the Duties and Power of Accounting Personnel."

(5) Earnestly grasp well the task of training economic and technical management personnel.

The various localities must quickly adopt various ways to train financial and accounting, statistical, machinery and equipment management, engineering, and technical personnel. They must invite back old professional personnel and engineering and technical personnel who were persecuted by the "gang of four" and who changed their trades, place them in appropriate work and teaching posts, enable them to develop their specialties, and raise as soon as possible a group of talented people who are capable of shouldering various kinds of work, thus changing as soon as possible the present state whereby one generation of business and technical personnel is not able to take over from another generation. As for leading cadres at various levels, apart from their studying at their work posts, each province must create [the proper] conditions, put them through rotational training during different periods and in different groups, and gradually convert them from novices to experts.

the symposium was of the opinion that the tasks we face are heavy and complicated. We must insist on practice as the only criterion for testing truth, break down superstitions, emancipate our thinking, further rectify our ideological line, closely unite around the party Central Committee headed by Comrade Hua Guofeng, work on the four modernizations with one mind and a common effort, and make the contributions we should make in order to rapidly change the backward outlook of our highways and communications and to meet the needs for the development of our national economy and the construction of our national defense!

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CSO: 4006

TRANSPORTATION

COORDINATION LACKING IN GUANGZHOU HIGHWAY CONSTRUCTION

Guangzhou NANFANG RIBAO in Chinese 2 Jul 80 p 1

[Article by reporter He Shaoying (0149 1421 5391): "Why Are Some Roads in Guangzhou Always Impassable?"]

[Text] Everywhere in Guangzhou you can see roads that are dug full of holes, with mud piled up all around. On some sections of Xiangqun Road, Dongfeng Second Road, Dongfeng Fifth Road, Nanan Highway, Nanchang Road, and Shuijuegangheng Highway, dust flies all over the place in nice weather and there is a sea of mud when it rains, making it difficult for pedestrians to walk, requiring vehicles to detour, and blocking traffic. This is a municipal construction matter that needs improvement.

Along with the rapid growth of agricultural production and of enterprises engaged in communications and transportation, the expansion of construction, the repair and maintenance of roads, the installation of new water and sewer pipes, the installation of underground communications equipment, the replacement of old pipes and wires with new ones, and the ripping up of streets are understandable. Nowadays, however, many streets are dug up and construction projects begun without any unified leadership or unified plans. Each unit goes about its individual project with no communication with any other unit, so that on the same street it often happens that while someone is filling in a hole in the east, somebody else is digging another one in the west, and the digging and filling in, filling in and digging goes on incessantly, leaving the streets humpy and bumpy. On Dongfeng Second Road, for instance, a highway company built a rather long stretch of road with some effort, managing to complete the widening project by 5 June. But as soon as this nice wide new boulevard appeared before the people's eyes, the Guangzhou Municipal Electric Communications Bureau showed up and started digging anew in order to put down a conduit for some underground communications equipment. Another case occurred on Xiangqun Road in Henan District, where an engineering company of the municipal government had just completed construction lasting several months. No sooner were water conduits installed and the road surface restored when the Municipal Electric Communications Bureau showed up and started digging to bury an underground cable. As a result, this major traffic artery in

Haizhu District has been all torn up ever since last year. Such disorderly construction, with repeated digging and filling in, is so often seen that it is not new. This not only causes a lot of wasted materials, funds, and manpower, but also impedes traffic and transportation, with inconvenience for the masses of people.

In constructing a road, the normal sequence is to put water pipes and sewer pipes underground first, and then to put down the roadbed and a temporary road surface, after which the road surface is constructed, with a permanent surface being applied in the final stage. Therefore, it is suggested that a unified special organization with authority be set up for unified administration of municipal construction and public utilities in order to gradually bring about rational planning in the construction and excavation of roads. This [organization] would also be responsible for unified investment, unified designing, unified construction, and unified management. During the time of construction, every effort should be made both to bury pipes and wires and to build the road in a single operation once and for all. Additionally, in the interest of the overall situation, concerned units should closely coordinate in a joint effort to build and maintain roads.

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TRANSPORTATION

BEIJING SUBWAY CONSTRUCTION PROGRESS REPORT

Beijing BEIJING RIBAO in Chinese 23 May 80 p 1

[Article by Yang Zhenghao (2799 2973 6275) and Ke Shuishen (2688 3055 3088): "Construction and Track Laying Completed On Second Line and Main Line of Subway; Commander of Capital Construction Engineering Troops Giving Intense Attention To Fitting Out Subway and Installing Equipment So That Western Line Will Be Open to Traffic Within the Year"]

[Text] Construction of the second line and the main line of the Beijing subway has been completed, and tracklaying on the main line has been completely finished. The commander of the Beijing detachment of the capital construction troops responsible for construction is giving intense attention to fitting out the second line and installing facilities in fulfillment of the four recommendations of the Central Committee Secretariat on Beijing municipal work programs. He is determined to open service on the west line of the subway within the year. The northeast line is undergoing debugging of operations.

Line two of the subway starts at the Beijing railroad station and proceeds via Jianguomen, Chaoyangmen, the Worker's Gymnasium, Dongzhimen, Yonghe Palace, Andingmen, the Drum Tower, Jishuitan, Xizhimen, Chegongzhuang, Fuchengmen, and Fuxingmen, for a total of 12 stations and a distance of 16.1 kilometers. Work began on the second line in March 1971. Because of the high level of protection required, the large number of underground stations and connecting stations, and the need for removal of numerous structures throughout the city, plus the disturbance and destruction caused by Lin Biao and the "gang of four" which created uncertainties about investment, and inadequate materials, this project could not be completed quickly. Once the "gang of four" was smashed, state investment gradually increased over the years in order to hasten construction of the subway. During 1978 and 1979, in particular, annual investment amounted to more than 100 million yuan, which was twice the investment during 1976. This created the conditions for getting going and going all out. For the commander of the two divisions engaged in combat, 8 years have been like a day. He has labored arduously to create an enterprise, continuously doing battle, and constantly hastening the pace of construction. At the present

time, 87 percent of the total work needed on the second line has been completed. They are now in process of fitting out and installing facilities in its 12 stations. In six of these stations, work is virtually complete. Construction of the second line has been at a greater depth than earlier construction. It has a thicker roof, its ability to withstand bombs is greater, and it is more water resistant. Following transmittal of the four recommendations from the Central Committee Secretariat, the Beijing Command of the Capital Construction Engineering Troops immediately held an urgent project meeting to study and implement the measures in which it was proposed to guarantee the opening to service of the western line of the subway within the year, and the debugging of the northeast line to get rid of operational problems. In order to assure that this target is reached, the command set up a line service leadership group to which it transferred troops. Each detachment instituted two shifts and three shifts, which has greatly hastened progress on the project.

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TRANSPORTATION

TRANSPORTATION MANAGEMENT NEEDS STRENGTHENING

Guangzhou NANFANG RIBAO in Chinese 3 Jul 80 p 2

[Article by reporters Xu Jindan (6079 6855 0030) and Lo Yuchao (5012 5940 3390): "Competition Is Necessary, But So Is Strengthening of Management." Installment 2 of a Report on the Communications and Transportation Front]

[Text] Both a railroad and a highway connect Guangzhou with Foshan. Transportation is quite well developed, and the volume of travelers is also quite large, amounting to about 10,000 people on a normal day. On holidays, it is as many as 40,000 or 50,000. During holidays, buses are inadequate and frequently overloaded. A single bus may frequently carry as many as 80 or 90 people. This is both unsafe and a hardship on the people. The masses say that they are riding in a "tincan vehicle." This, plus a poor attitude in providing service, means great inconvenience for travelers. Usually it is impossible to buy a ticket for the next bus. After standing in line to buy a ticket, it is necessary to wait another 1 or 2 hours before boarding a bus. Guangzhou and Foshan are only 20 kilometers apart, but sometimes it takes 3 or 4 hours to get from one to the other. If one goes by train, it is necessary to take the ferry across the river to Shiweitang, where the railroad station is located, and this is very inconvenient. Railroad station facilities are also antiquated. There are no canopies, so when passengers embark or disembark from trains they are subjected to the burning sun or to downpours of rain. There are few seats on the trains, and the floors of the coaches are often wet, so passengers cannot sit down if they want to. The masses complain, saying: "The railroad station handles us like cattle!" Just before and after the lunar new year this year, when a dramatic increase in passengers occurred and when units responsible for running the trains could not meet the demand, in order to increase their income the Foshan Municipal Bus Company and the Guangzhou Municipal Streetcar Company used idle cars on this route to open direct service between Foshan and Guangzhou. Thus, transportation between Guangzhou and Foshan, which had been monopolized heretofore by the Guangzhou Railroad Branch Bureau and the Foshan Prefectural Bus Station (with a fleet of 201 buses) became a multiple operation in which competition took place.

As a result, travel between Guangzhou and Foshan has become much more convenient. Where formerly there had been no scheduled through service, now

there are more than 100 scheduled trips each day. Additionally, at the ancestral temple in Foshan and at Shiwan, where there are many passengers, a stop has been placed so that passengers can board as soon as they arrive. The trip from Guangzhou to Foshan usually requires no more than 40 to 50 minutes, and the attitude of the drivers and conductors is good. They help the old along and they carry the young, in a show of complete concern that the masses applaud. As a result of the competition, the former passenger service between Guangzhou and Foshan has improved its bus stations in Foshan Prefecture, has increased the number of bus stops, and has put more buses. Competition, however, has brought some new problems. As a result of regulations from state units concerned, both highway and city transportation is divided between different transportation units. Now, because these boundaries have been destroyed, there is some chaos in the management of transportation. There have been struggles for territory between the drivers and conductors of different units on the Guangzhou-Foshan route. They fight over customers, quarrel, and beat each other, and there have been cases in which buses have purposely squeezed against buses while in motion. In addition, the blind dispatching of vehicles by mutually competing units, and the high rate of deadheaded vehicles has produced great waste in both transportation resources and fuel. Formerly, the daily number of passengers carried (one way) at the Foshan railroad station was about 8,000 people, but as more buses were added, the number of railroad passengers greatly declined. After the lunar new year, the daily decline averaged 2,000 people, and on some days there were only several hundred passengers.

The battle on the Guangzhou-Foshan line has made people think deeply and has raised a question for them. This question is whether or not there should be competition in transportation. In the past there was a strict division of labor in transportation, with each being operated independently throughout the country no matter how well or how badly. This helped the growth of an attitude of "bureaucratic transportation" with which the masses were dissatisfied. Therefore, a little competition within transportation units was helpful in promoting improvements in the quality of service, and we should be a little broad-minded about this. Of course, with competition new problems became inevitable. Leadership organizations should further strengthen their leadership, so that when problems crop up they are promptly studied and resolved. One cannot give up eating for fear of choking. Secondly, what is competition for? It has to be made clear that the primary objective of competition is to better accommodate the masses and to keep in mind doing a good job in whatever position one occupies. Of course, while giving good service, one cannot keep units concerned from making a reasonable profit. Therefore, every transportation unit should be determined to do a good job within his own sphere of responsibility. In the case of the Guangzhou Municipal Streetcar Company, which is responsible primarily for passenger transportation within Guangzhou itself, passenger transportation within the city is presently still rather hectic. Passengers are very crowded, and the masses have a lot of complaints. Consequently, those responsible for passenger transportation within Guangzhou should

concentrate their efforts, first of all, on doing a good job of municipal passenger transportation. They should not try to compete on the Guangzhou-Foshan route simply to make a profit and gain prize money. When it comes to struggles over territory, arguing and fighting over passengers, and paying no attention to safety as everyone competes, these constitute a complete departure from the object of socialist competition and are the way capitalist operators act. This is not to be allowed at any time. The third [question] is how to compete? Nowadays many industrial enterprises run combined operations, because combination permits taking advantage of long points while avoiding shortcomings. Can transportation units run combined operations too? For example, in addition to its responsibility for interurban passenger transportation, why shouldn't the Foshan Municipal Bus Company use its surplus buses for combined operation with the Foshan Prefectural Bus Station, with the profit being split between the two? Wouldn't this be a little better? In short, these problems merit study. Transportation, like every other unit, must, if it is to meet the needs of the four modernizations, make improvements in its organization, and there must be great improvements in its way of doing business. It can neither be unified to death, as it was in the past, nor be freed to become chaotic--and once chaotic, be closed down.

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TRANSPORTATION

WORK ON BEIJING-GUANGZHOU RAILROAD DEVELOPMENT CONTINUES

Guangzhou NANFANG RIBAO in Chinese 28 May 80 p 1

[Article by Xie Yifang [6200 0153 5364], Li Dinglai [7812 0002 0171], and He Shaoying [0149 1421 5391]: "Hengyang-Guangzhou Multiple Tracking Project on the Beijing-Guangzhou Railroad Partly Underway in a Linkup of Our Country's Great North-South Transportation Artery"]

[Text] Multiple tracking on the southern section of the Beijing-Guangzhou railroad from Hengzhou to Guangzhou, which is a great transportation artery linking our country's north and south, has entered a feverish stage of surveying, designing, and the formal beginning of active construction on a portion of the line. The multiple tracking project of the Hengyang-Guangzhou line is gradually moving from north to south. Engineering within Hunan Province has been fully underway for a long time. Work in our province for the expansion of the Pingshi railroad station, work preparatory to construction of a long tunnel through Dayao Mountain, preparatory work for construction of a section between Lechang and Shaoguan, and survey and design work on the Shaoguan-Guangzhou section are proceeding smoothly and have achieved heartening results.

Since there is as yet no multiple tracking of the southern section of the Beijing-Guangzhou railroad from Hengyang to Guangzhou, the number of trains that can pass over the line is quite low, with the result that much freight headed south or going north piles up at both ends. Multiple tracking will increase severalfold the transportation capacity of the Beijing-Guangzhou rail line. This possesses tremendous significance for the promotion of our country's foreign trade and for the travel of foreign friends, as well as for the hastening of the four modernizations in our country and our province. In 1978, the state formally made a major engineering plan of the multiple tracking of the Hengyang-Guangzhou portion of the Beijing-Guangzhou railroad and decided to complete it within a fairly short period of time.

In the multiple tracking of the Hengyang-Guangzhou line, the main section within Guangdong Province runs from Pingshi to Lechang. This stretch is located in the mountains of the southern range, which are crisscrossed with

ravines and steep slopes. The mountains are high, the vegetation is thick, the forests are dense, the ground strata are complex, and the environment is exceedingly difficult. It is here that 14 tunnels, large and small, totaling 23 kilometers in length, are to be built, as well as 14 bridges, large and small, totaling more than 1,900 meters in length. Of the tunnels, the Dayao Mountain tunnel, which will be 14.3 kilometers long, will be the longest multiple-track tunnel in our country. Here, in the dangerous topography at the foot of the Jinji range at Pingshi, long-range planning calls for construction of 11 railroad sidings as turnaround points. It is planned to renovate the line's existing "wandu zhijing" [possibly, variance diameter] which is too small, making it meet the standards for the multiple tracking of the Beijing-Guangzhou railroad. The freight line at the existing Pingshi railroad station is to be upgraded to that of a train arrival and departure line, with a newly constructed passenger waiting room, an overpass across the tracks, and transportation culverts.

The units currently responsible for enlarging the Pingshi railroad station are the No 1 engineering section of the Capital Construction Department of the Guangzhou Railway Bureau, workers from the Provincial Cubic Meter of Earth and Stone Mechanized Construction Company, and laborers from Lechang and Dongguan counties. They have been working for more than 2 years to level mountains and fill in ravines, build bridges, and construct roads. They have already leveled the tops of 13 mountains to complete the first phase of the expansion of the Pingshi railroad station. Long, brand-new rail lines and a tall structure with many rooms, as well as a broad railroad platform and warehouses, now come into view.

Responsibility for the Pingshi-Lechang tunnel and the bridge and culvert projects rests with advanced industrial units throughout the country that have learned from Daqing. The third engineering department as well as the first and second engineering departments of the Tunnel Bureau of the Ministry of Railroads are also responsible. Construction personnel have been arriving at the worksite in a steady stream, and they have now joined the battle to level the mountains and divert the streams.

More than 40 miles of construction roads have been constructed in preparation to begin construction on the tunnels, and more than 50,000 square meters of both temporary and permanent housing have been built. Two diesel engine electric power plants with a total capacity of more than 6,000 kilowatts have been put up, and 35 kilometers of high-voltage lines have been strung. Communications lines run for 187.9 paired kilometers. Additionally, employees of the Fourth Engineering Department of the Fifth Engineering Bureau of the Ministry of Railroads have begun feverish preparatory work for construction at Lechang and Shaoguan. The Fourth Design Institute of Ministry of Railroads, and the First, Fourth, and Ninth Composite Units are now in the process of survey and design work at Shaoguan and Guangzhou. The Electrification Projects Bureau of the Ministry of Railroads is conducting checks along the right of way so that, simultaneous with the multiple tracking, preparations can be made to undertake electrification projects.

TRANSPORTATION

ROADBUILDING MACHINERY COMMISSION HOLDS FIRST MEETING

Beijing GONGLU [HIGHWAYS] in Chinese No 1, 25 Jan 80 p 1

[Abridged report by Zhang Hongquan [1728 1347 0356]: "Establishment of Special Commission on Roadbuilding Machinery Within the China Highway Association"]

[Text] A Special Roadbuilding Machinery Commission has been established within the China Highway Association. Its first meeting was convened in Changsha from 5 to 10 November 1979. Attending this meeting were all the members of the commission, some of the council members of the Highway Association, and invited experts, professors, engineers and delegates from concerned organs, factories, schools, science and technology units, designing units, publication units, and the like--80 persons altogether.

The participants at the meeting discussed and studied plans for future academic exchange activities, told of the developing situation concerning roadpaving machinery, earthmoving machinery, and drilling machinery and equipment in foreign countries, and showed scientific and technological films. They also placed emphasis on summing up and exchanging domestic experience with respect to highway construction, the management, use, maintenance, repair, and manufacture of highway maintenance machinery, etc; they also inspected, during a visit, the new techniques involved in the installation of the "dingtui shigona" [top panel-shift] of the big bridge at Weishui.

The meeting observed that, in the 30 years since the founding of our state, our roadbuilding machinery, which at first did not exist at all, has gradually been acquired. There have been some developments in quantity and improvements in quality. But compared to what is required to modernize our highway transportation, the gap remains great and the tasks involved are still formidable. From now on, we must open up as many new sources of financing as possible and mobilize various forces in order to explore, study, and solve the problems arising in the course of mechanization of our roadbuilding operations, sum up our experience in various localities, generally develop academic exchanges, carry out scientific popularization activities, and introduce and learn about advanced technologies in foreign countries, so as to make pertinent contributions in order to more rapidly strengthen our roadbuilding machinery complex and more quickly realize the modernization of our communication and transportation.

TRANSPORTATION

CHANGE IN WORKSTYLE IMPROVES GUANGDONG TRANSPORTATION

Guangzhou NANFANG RIBAO in Chinese 2 Jul 80 p 1

[Article by correspondent Wei Guiyi [7614 2710 0001] and reporter Liu Gaohua [0491 7559 5478]: "Overcome the 'Bureaucratic Transportation' Workstyle; Make Communications and Transportation Lively." Installment 1 of a Report on the Communications and Transportation Front]

[Text] One major task of communications and transportation departments at the moment is to intensify organizational work in transportation, expand their sources of supply, and broaden their avenues for cargoes in order to make transportation lively. The Shiqi Harbor Bureau overcame the "bureaucratic transportation" workstyle of waiting for goods to arrive at their doors, and the leaders acted themselves to intensify organizational work for sources of supply. Their experiences in working to fulfill transportation plans are of general significance and merit adoption by every locale.

The Shiqi Harbor Bureau is a harbor navigation and transportation unit responsible for shipment and transfer of port cargoes. Ever since last spring, when the cargo supply situation changed as a result of readjustments to the national economy and there was an increase in the number of vehicles and boats operated by government organizations, business enterprises, and agricultural units that are in competition for cargoes, a great decline has taken place in the amount of goods they have been called upon to haul. Some boats were unable to fill their holds and were in danger of being unable to fulfill plan. In view of this new situation, the Shiqi Harbor Bureau Party Committee conscientiously analyzed the situation and concluded that readjustments to the national economy were, from an overall standpoint, a good development. The new problems that it occasioned for transportation units required a proper understanding and attitude. The key to the solution of the problem of inadequate sources of cargo supply lay in overcoming a mentality of indifference and a change in the "bureaucratic transportation" workstyle of waiting for cargo to show up at one's door. The leadership of the bureau thereupon transferred six cadres to organize a cargo supply group headed by the leadership to go out and check on activities in the transportation marketplace and gain an understanding of the direction of flow and quantity of flow of cargo sources. They also

took the initiative to act as middlemen between producers and consumers, becoming good advisers and giving full play to the role of communications and transportation as a link in the production process, the circulation process, and the distribution process. Proceeding from the realities in their local area, they placed major emphasis on the following tasks:

Active cooperation with production units to open markets for goods. The crushed stone produced by the Xinwan quarry in Zhongshan County frequently accumulated for lack of markets. When the Shiqi Harbor Bureau found out that the Guangzhou Municipal Residential Construction Company had an urgent need for crushed stone, it sent people to the quarry six or seven times to learn the situation there and actively cooperate in the sale of the product. This spring, the quarry wanted to ship crushed rock to the Guangzhou Municipal Residential Construction Company as part of its planned operations, but since there was no one to load the rock, the shipment plan might well have come to naught. The Shiqi Harbor Bureau immediately dispatched people to the quarry to study the problem with them and to make appropriate increases in remuneration to labor for loading the rock in order to solve the loading problem. As a result, five boatloads of crushed rock were promptly shipped to Guangzhou. Now they haul more than 1,000 tons of crushed rock monthly from the Xinwan quarry to Guangzhou.

Expansion of sources of cargo in foreign trade. During the past year or so, our province has begun to process goods for traders in Hong Kong and Macao, thereby greatly boosting the volume of additional foreign trade. In order to meet the demands of this new development, the Shiqi Harbor Bureau, actively deployed its shipping force, and last year the volume of Hong Kong and Macao goods transported was 27 percent greater than in 1978. This year they have increased their sealift by 500 tons on the Hong Kong-Macao route, and each month they arrange for more than 3,000 tons of capacity for Hong Kong and Macao cargo.

Organization of production, transportation, and marketing in a direct link. Formerly, provincial construction units frequently bought rock from the Zhangjiabian Commune's quarry in Zhongshan County, but since it was not easy for boats to go through the locks at night, the volume hauled each month was slight. Taking note of this situation, the Shiqi Harbor Bureau sent personnel concerned with boats to look into the local navigation situation and to discuss with the commune the possibility of keeping the lock gates open day and night. They also discussed difficulties caused by a shortage of labor for loading the boats. For their own part, they arranged to replace the small boats they had been using to haul rock with barges capable of carrying 120 tons; this also reduced the sailing time. As a result, whatever rock the Zhangjiabian Commune's quarry produced was shipped out at once, and the monthly shipment of rock to Guangzhou rose from the former figure of approximately 1,000 tons to more than 3,000 tons. Production, transportation, and marketing were all satisfied.

Because the Shiqi Harbor Bureau diligently overcame its "bureaucratic transportation" workstyle and did a good job of organizing work for cargo

sources, the volume of cargo shipped during 1979 exceeded the previous year by 10 percent, and 1978 by 13 percent. Profits increased by more than 350,000 yuan over the annual plan. The volume of cargo hauled between January and May this year has fulfilled 45.3 percent of the annual plan and has shown an increase of 8.4 percent over the same period last year. Profits realized during the first 4 months have increased by 44 percent over the same period last year.

In recent years, a shortage of cargo has occurred for both water and highway transportation in our province. What are the transportation units to do? One important thing is to make conscientious changes in management and administration, thoroughly changing the workstyle of "waiting for goods to come to one's door," and "selecting the fat while rejecting the skinny." If everyone did as the Shiqi Harbor Bureau did, with leadership being seriously concerned, providing service to one's door, and truly providing safe, convenient, prompt, cheap, and good-quality service so that both production units and customers would feel "confidence" in the shipping units, they could get more sources of cargo and make transportation lively, while providing a new contribution to the four modernizations.

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CS0: 4006

TRANSPORTATION

BRIEFS

NEI MONGGOL RAILWAY--Hohhot, 29 Sep (XINHUA)--On 28 September, a unit under the PLA railway corps, which is engaged in building the Tongliao-Huolinhe railway, was laying railway tracks in Zhushihua, which is deep in the Orqin grassland in Nei Monggol and on the verge of the famous Huolinhe coal mine, the largest open coal mine in China. The railway will be used to deliver large machinery equipment to the mine, which is still under construction, and move out its coal. Since last July, the Tongliao-Bayan us railway section in Korqin Right Wing Middle Banner has already been handling passenger and cargo transportation. [Text] [Beijing XINHUA Domestic Service in Chinese 0120 GMT 29 Sep 80 OW]

A railway connecting Tongliao Municipality and Huolinhe open-cut coal mine opened 28 September. Called (Tonghuo), this railway begins from Dadu County, runs through Tongliao Municipality and Horqin Zhoyi Zhong, Jarud and Horqin Youyi Zhong banners and ends at Huolinhe coal mine. With a total track of 400 miles, this railway is built mainly for developing coal resources. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 5 Oct 80 SK]

CSO: 4006

125114

'TOWARD THE REFORMATION' VERSUS 'PETROLEUM FACTION'

200/1018 Hong Kong CHIN- WING In Chinese No 36, 1 Oct 80 pp 10-14

[Article by Su Ching] "The Third Cabinet and the Rise and Fall of the Petroleum Faction"

[Excerpts] The First 'Cabinet' / The "Petroleum Faction" gains the upper hand

What kind of people are members of the "petroleum faction"?

In analyzing members of the "petroleum faction," we discover this common characteristic: None of them are the factionalist followers of the "gang of four." However, during the Cultural Revolution and particularly during the later stage of the Cultural Revolution, they were all in charge of production and they all wielded real economic power. Because of this, their forces expanded rapidly when the central authorities gave first priority to economic work following the downfall of the "gang of four." Since they were not factionalist followers of the "gang of four," they naturally will not be investigated. Since they have been in charge of production and economy, there is of course ample scope for their activities.

Taking from the list of members of the State Council announced at the first session of the Fifth NPC, we can see the forces of the "petroleum faction." Of the then 13 vice premiers, 5 to 6 vice premiers were members of the "petroleum faction." At that time, Ji Dengkui, Chen Xilian and Chen Yonggui were regarded as members of the "whatever faction," Su Shuanglian and others were not in charge of economy and Zhao Ziyang and others were not cabinet members. Therefore, the great majority of the then "cabinet" were members of the "petroleum faction." Moreover, ministers of the three most important commissions of the State Council, namely, the State Planning Commission, the State Economic Commission and the State Capital Construction Commission, were either members of the "petroleum faction" or people who are related to the faction. They were Yu Qiuli, Kang Sheng and Gu Mu.

As a result, during the first 2 years after the downfall of the "gang of four," the "petroleum faction's" economic policy dominated the CCP's economic trend. The 10-year economic plan put forth at the Fifth NPC in the spring of 1978 was a crystallization of the "petroleum faction's" economic policy.

The Second "Cabinet": The Two Sides Are Evenly Matched

To promote economic readjustment, the "cabinet" was reshuffled during the second session of the Fifth NPC which appointed Chen Yun, Bo Yibo, Yao Yilin and Ji Pengfei as vice premiers. Later, the NPC Standing Committee appointed Zhao Ziyang and Wan Li as vice premiers and dismissed Li Yongkui and Chen Xilian from their vice premiership.

Compared with the "cabinet" formed during the first session of the Fifth NPC, the number of vice premiers of the second "cabinet" was increased to a total of 18. They were: Deng Xiaoping, Li Xiannian, Xu Xiangqian, Ya Qianli, Geng Biao, Chen Yonggui, Fang Yi, Wang Zhen, Gu Mu, Kang Sheng, Chen Muhua, Wang Renzhong, Chen Yun, Bo Yibo, Yao Yilin, Ji Pengfei, Zhao Ziyang and Wan Li. Of the 18 vice premiers, although some 5 to 6 vice premiers were members of the "petroleum faction," there were also 5 to 6 vice premiers who were members of the "economic reform group" which opposed the "petroleum faction's" economic policy and energetically called for carrying out readjustment and reform. Therefore, with the exception of Chen Yonggui and those vice premiers who were either not in charge of economic affairs or showed no clear intentions, the two sides within the "cabinet" were evenly matched.

With regard to the development of production and construction in Beijing Municipality, there had been a clash between the "economic reform group" and the "petroleum faction."

The Beijing Municipal CCP Committee Contradicts the Central Authorities

Beijing Municipality's No. 1 man Lin Hujia is also a member of the "petroleum faction." After he assumed office, to win the masses' favor, he adopted some petty measures to improve the people's livelihood such as establishing food stalls and improving the bus service. After achieving a few successes in this regard, he immediately exerted all his strength to the development of the Beijing municipal heavy industry. The Shoudu [Capital] Iron and Steel Company and the Yanshan Chemical Works (formerly the Dongfanghong Oil Refinery) were his key development targets. Due to the blind development of heavy industry, serious pollution has emerged in Beijing Municipality. The pollution of the atmosphere in Beijing is seven times higher than the international standard and there has been a rapid fall of the city's groundwater level. The central authorities have repeatedly criticized the manner of doing things as carried out by Lin Hujia, stressed the arrangement of priorities in the order of importance of "agriculture-light

industry-heavy industry, and particularly noted that the capital is not suitable for devoting major efforts to the development of heavy industry. However, Lin Biao did not listen to this and repeatedly contradicted the central authorities. Consequently, RENMIN RIBAO, which inclines toward the "economic reform group," suddenly carried the CCP Central Committee Secretariat's four-point proposal concerning the development of Beijing. According to the four-point proposal, Beijing must become: 1) a model in public security, social order and moral standards for the whole country and one of the best in the world; 2) a first-rate modern city with a fine environment, high standards of afforestation, cleanliness and good sanitation by utilizing the local conditions such as hills, waters, cultural relics and historic sites; 3) the nation's most developed city in culture, science and technology, with the highest educational standard in the country; and 4) a city with a thriving economy, providing its residents with stability in life and all kinds of conveniences.

Judging from this four-point proposal, we can see that what is stressed by the central authorities is that Beijing should be built into a cultural city and not a heavy industrial city. The central authorities hope that Beijing should be the political and cultural center of the nation as well as a center for international exchanges and that it should not be developed into an economic center.

Lin Biao and others were thrown into a state of extreme passivity following the publication of the four-point proposal. They did not dare to oppose the four-point proposal in words but they felt a repugnance to it. Therefore, in practice, they feigned compliance while acting in opposition. They continued to focus their attention on industry, continued to regard industry as the focus of work and delightfully talked about their efforts to enable the Beijing industrial products and technological and economic norms to attain advanced world levels.

Lin Biao Constantly Raises Quotas

A recent RENMIN RIBAO commentator's article criticized the Beijing Municipal CC Committee. The article said: "In implementing the central authorities' four-point principle, we should take a clear-cut stand and decisive actions.... Although some comrades find it difficult to describe the four-point proposal as unimportant, they do not agree with the decision to list the development of heavy industry as an item of secondary importance. They feel that if they do not grasp heavy industry, they 'cannot satisfy their craving.' With this kind of thinking, how can they make up their minds to firmly realize the central authorities' proposal?" The masses in Beijing have also said: "Lin Biao constantly raises quotas." This means that Lin Biao wants to constantly raise quotas in heavy industry building and investment.

The differences of opinion between the "petroleum faction" and the "economic reform group" have been exposed clearly.

The Discussion on the Aim of Production--Yu Qiuli Called on and Had a Great Row with Deng Xiaoping.

The discussion on the aim of socialist production had caused another big clash between the "economic reform group" and the "petroleum faction."

Around November 1979, RENMIN RIBAO carried a contributing commentator's article which was entitled "It Is Imperative To Gain a Clear Idea of the Aim of Socialist Production" and also carried Yu Guangyuan's article which was entitled "A Talk About Issues Concerning the Theory of the Aim of Socialist Economy." The paper also carried on a discussion on the aim of socialist production.

Shortly after the emergence of the discussion, the "petroleum faction" flew into a rage. Yu Qiuli, who was utterly discomfited, called on and had a great row with Deng Xiaoping, asking this question: "Who made the decision to carry out this discussion?"

At the same time, the Ministry of Petroleum Industry issued a bulletin which energetically condemned the discussion "on the aim of socialist production" as opposing the slogan "production comes before livelihood."

Due to the powerful pressure exerted by the "petroleum faction," this discussion lasted less than 2 months and was forcefully stopped.

Due to the "petroleum faction's" gradual loss of its power and influence and with the approval of the propaganda department of the CCP Central Committee, this discussion was carried out once again in June this year.

The Third Cabinet: The "Petroleum Faction" Is Reduced to Inferior Position

The "petroleum faction" was a target of public criticism during the recently held third session of the Fifth NPC. Various incidents and issues were raised for discussion such as the "Bohai No 2" incident, the Baoshan Iron and Steel Company incident and the issue of Beijing's pollution. Things concerning the Petroleum Industry Ministry's vice minister, Yang Yibang, who practiced graft and violated the law and discipline during an overseas trip have also been exposed. Several figures of the "petroleum faction" were also summoned by the NPC to answer inquiries. As a result, their arrogance was greatly punctured.

At the same time, the "cabinet" was reshuffled for the third time. The promotion of Zhao Ziyang to the premiership was a major victory won by the "economic reform group." There have also been great changes in the composition of vice premiers: five old vice premiers tendered their resignations; Chen Yonggui was relieved of his post as vice

premier; Wang Jianzhang gave up his vice premiership; and Yang Jingren, Zhang Aiping and Huang Hua were appointed vice premiers but are not in charge of economic affairs. The current vice premiers are: Wan Li, Yu Qiuli, Gu Mu, Deng Biao, Bo Yibo, Fang Yi, Li Pengfei, Zhang Aiping, Huang Hua, Yang Jingren, Kang Shien and Chen Muhua.

Quantitatively speaking, there are still 4 to 5 vice premiers who are members of the "petroleum faction" and there are only 3 vice premiers who are members of the "economic reform group." However, qualitatively speaking, the "economic reform group" is in the dominant position. First of all, Zhao Ziyang has become the premier. Secondly, Wan Li has become the No 1 vice premier. Thirdly, Yu Qiuli has lost his position as minister in charge of the State Planning Commission and has been given the position as minister in charge of the Energy Commission; Yao Yilin has been given the important position as minister in charge of the State Planning Commission. Fourthly, Kang Shien was given a demerit of the first grade and Yu Qiuli made a self-criticism. Since a large number of mistakes of the "petroleum faction" have been exposed, it has been discredited.

Therefore, within the third "cabinet" established during the Fifth NPC, the "petroleum faction" is in a weak position and the "economic reform group" is winning a favorable balance of forces. However, the actual strength of the "petroleum faction" is still sizable and it is still in the majority within the "cabinet." Moreover, Yu Qiuli is still listed as the No 2 vice premier.

The differences between the "petroleum faction" and the "economic reform group" are primarily differences in economic policy. Realizing modernization is the new goal of the Chinese economy. In the course of fulfilling this goal, the emergence of all kinds of contradictions and differences is not at all surprising and is even inevitable.

GENERAL

BRIEFS

ZHEJIANG SMUGGLING--Since April this year, the police station of the Hangzhou railway station in Zhejiang has cracked 99 smuggling cases and seized more than 44,000 yuan worth of gold, silver coins, recorders and wristwatches. On 11 August, people's police of the station arrested a group of four smugglers and seized 5 liang of goods, 440 pieces of silver coins and more than 80 wristwatches from Hong Kong and Taiwan worth 7,000 yuan. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 5 Oct 80 OW]

SHAANXI INSTITUTES TRAIN WORKERS--Apart from completing their tasks of teaching and scientific research, institutions of higher learning in Shaanxi Province are actively training workers of economic departments. According to the incomplete statistics of 11 institutions of higher learning, since the beginning of this year, 93 training classes of various kinds have been run and some 4,000 technical cadres and technicians have attended these classes. [Xian Shaanxi Provincial Service in Mandarin 1400 GMT 16 Sep 80 HK]

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